



## Cattle Industry Convention Kicks Off with Focus on the Future

**M**ore than 5,000 cattlemen and women rallied around the theme “Participate and Innovate: Building Demand for Beef” during the 101st Cattle Industry Convention and Trade Show. The event kicked off in Charlotte, N.C., Feb. 10. The opening general session was headlined by National Cattlemen’s Beef Association (NCBA) President Clark Willingham, President-Elect George Swan and Cattlemen’s Beef Board (CBB) Chairman Steve Hailey.

“The theme of this year’s convention, ‘Participate & Innovate,’ challenges each one of us to stand and be counted as someone who believes in the future, and as someone who is willing to do our part and work for positive change,” Willingham told attendees. “The viewpoints of producers back home are represented here in Charlotte by their respective state delegations. Your individual input and action are needed in the upcoming meetings to not only benefit your individual needs, but also to benefit all of us involved in beef production.”

Willingham challenged participants to help set the beef industry’s goals and help establish a strong positive direction, urging them to take advantage of the opportunity “to have your voice heard, to *listen* to your fellow producers, to learn new methods to make yourself a better beef producer. It is your responsibility and requires your participation to make NCBA who you are.”

“America is at a crossroads,” said keynote speaker Herman Cain, president and CEO of the National Restaurant Association. It needs bold new leadership for the millennium and so does the beef industry,

*CONTINUED ON PAGE 80*



**It was easy to find your way to the trade-show booth shared by the American Angus Association and the Certified Angus Beef (CAB) Program. You just had to follow your nose to the samples of *Certified Angus Beef*™ product served daily.**

Cain told producers attending the opening session.

Three megafactors, he said, will shape lives and business in the future:

1. Technology. "You don't have to be on the edge, but you'd better be on the blade," he quipped.
2. People. It takes people to interface with people, said Cain. "You can't automate a smile."
3. Government. While Cain called the American system of government the best in the world, he said it's gone beyond what was intended by the founding fathers. "It needs some fixing," he said, adding it is time to restore government of the people, for the people and by the people.

The three responsibilities of leadership, said Cain, will be to:

1. Remove barriers to success;
2. Obtain the right result; and
3. Inspire people to be self-motivated.

### Producers air concerns

Nearly 700 producers filled Ballroom A of the Charlotte Convention Center for an Issues Forum sponsored by the Philip Morris Companies. The forum was an opportunity for producers to voice their opinions about the beef industry in general

and NCBA in particular to NCBA leadership, including President Clark Willingham, President-Elect George Swan and CEO Chuck Schroeder.

Producers covered a range of topics, including the beef checkoff, packer and retailer margins, value-based meat marketing, food safety and consolidation of NCBA resources.

Schroeder and Swan assured the audience that changes in NCBA structure had already been made, and more could be expected.

While topics were diverse, consensus was clear on at least one issue. "We are all in the same industry — the beef industry," said Willard Schnell, a South Dakota beef producer.

### Stakeholders update long-range plan

Stakeholders voted unanimously to adopt a revision of the "Beef Industry Long-Range Plan." The revised plan keys on two main goals: to stabilize beef demand by 2001 and to increase the opportunity for industry opportunity.

In presenting the revision, the Industry Planning Group stated its belief that the following imperatives of emphasis demand a dedication of resources from the industry.

1. Beef's healthy role in all diets needs to

be elevated to a higher focus. This should include an emphasis on food safety and a major campaign to improve beef's nutritional image.

2. Adding value throughout the beef production, processing and global marketing systems will enhance profitability.
3. Provide our customers with convenient, consistent and flavorful beef products through new product development.
4. Issues management must remain a major focus to assure a legislative, regulatory and judicial climate in which we can operate profitably.

### New president ready for a year of bold change

**George Swan**, a cow-calf operator from Rogerson, Idaho, is the 1999 president of the NCBA. Saying current conditions mean change is needed, Swan asked for and received approval to form a Blue Ribbon Commission. Its charge is to create a stronger NCBA by being responsive to industry stakeholders, making the association a catalyst for positive change, and helping NCBA effectively address industry priorities defined by the Long-Range Plan.

"The next two years will determine whether NCBA survives as a typical industry trade association or if it rises to become a meaningful catalyst for positive change," Swan said. "This is a time when this industry and the people in it so desperately need bold, catalytic leadership. Change is needed because things are not currently working as well as they should be, but this isn't a surprise. In fact, NCBA is just three years old, and it's no surprise that an adjustment is necessary. The time to do that is now," Swan said.

The commission is to develop specific recommendations for improving the commitment to the producer, the state-national partnership, governance and representation, and membership. The commission will be asked to conduct its work in a manner that is open, inclusive, results-oriented and timely. It is to offer its recommendations for consideration at the Beef Industry Summer Conference in July.

Elected to serve as president-elect was **George Hall** of Oklahoma City, Okla. Hall works with the Oklahoma National Stock Yards Co. **Lynn Cornwell**, past president of

CONTINUED ON PAGE 82

### Randy Mills named Cattle Businessman of the Year

Randy Mills (center) of Florence, Kan., has been named the 1999 Cattle Businessman of the Year. Randy, his wife, Judy (left), and their family operate the three ranches that constitute the Doyle Creek Cattle Co. in the Kansas Flint Hills. Sponsored by Boehringer Ingelheim Vetmedica and administrated by the National Cattlemen's Foundation (NCF), this award is presented to a cattleman who demonstrates an innovative, successful approach to the business of cattle production.



Mills, who was featured in the September 1998 *Angus Journal*, attributes much of his success to evaluating the cattle operation as a business and to using business methods to obtain clearly defined objectives.

With a genetically uniform Angus cow herd as a basis, Mills uses artificial insemination (AI), embryo transfer (ET) and full-brother herd bulls to make genetic improvements. A computerized recordkeeping system allows for measurement of individual production

levels. The goal of producing an end product consumers desire is supported with stringent culling requirements, carcass data collection by retained ownership, and strict adherence to Beef Quality Assurance (BQA) guidelines and total quality management principles.

The grass-based operation is efficient and self-supportive. With the exception of a limited supplemental protein, all forages are produced on the ranch. Emphasis is placed on improving the ecology of the ranch so it can sustain future generations.

Other regional winners are: Region IV, Dub Waldrip, Lubbock, Texas; and Region V, Arvid Monson, Outlook, Wash.



the Montana Stockgrowers Association, was elected vice president. Cornwell is a cow-calf operator from Glasgow, Mont.

Others elected to serve on the NCBA Executive Committee include:

For the Checkoff Division: chairman, **Paul Genho**, Texas; vice chairman, **Jon Ferguson**, Kansas; for three-year terms, **Ralph Cellon Jr.**, Florida, and **Darrel Sweet**, California; for a one-year term, **Daryl Heisey**, New York.

For the Dues Division: chairman, **Harry Knobbe**, Nebraska; vice chairman, **Eric Davis**, Idaho; for three-year terms, Region I, **Chuck Markley**, Michigan; Region IV, **Jim Waterfield**, Texas; and Region VII, **Steve Mangan**, Kansas.

Elected to represent state beef councils on the Beef Promotion Operating Committee were **Genho** and **Ferguson**, as Checkoff Division officers, and **Linda Davis**, New Mexico; **Scott George**, Wyoming; **Michael Para**, Washington; **Ernie Reeves**, Virginia; **William Stouder**, Idaho; **Ken Stielow**, Kansas; **Duard**

**Sullivan**, Tennessee; and **Myron Williams**, South Dakota

### Beef Board elects 1999 officer team, approves budget amendment

At its winter meeting in Charlotte, the Cattlemen's Beef Board (CBB) elected the officer team that will lead the 111-member volunteer group for the coming year and approved a \$4.3-million budget amendment to supplement fiscal year (FY) 1999 checkoff-funded programs.

The CBB, whose mission is to build demand for beef, elected **Lyle Gray** its chairman. Gray, a cow-calf operator and feeder from Leon, Kan., was first appointed to the Board in 1992 and served as its vice chairman in 1998. **Les McNeill**, a feedlot and stocker operator from Panhandle, Texas, was elected vice chairman. A dairyman from Finchville, Ky., **Gil Tucker**, was elected the Board's secretary-treasurer.

The Beef Board also elected its Executive Committee members and Beef Promotion Operating Committee representatives. The

Board's Executive Committee acts on behalf of the Board between meetings of the full body. The Operating Committee brings together state and national checkoff programs into a coordinated effort and approves contracts with industry-governed organizations to implement programs as provided by law.

1999 Executive Committee members are **Les McNeill**; **Lyle Gray**; **Gil Tucker**; **Trudy Carey** of Brandon, Fla.; **Dan Hammond** of American Falls, Idaho; **Roger Houston** of Jacksonville, Ill.; **Larry Hudkins** of Malcom, Neb.; **Gary Jurgovsky** of North Huntingdon, Pa.; **Dee Lacey** of Paso Robles, Calif.; **Pat McDowell** of Shamrock, Texas; and **Elaine Swiler** of Cameron, N.Y.

1999 CBB Operating Committee representatives are **Lyle Gray**; **Les McNeill**; **Gil Tucker**; **Bill Brandenburg** of El Centro, Calif.; **Ann Bruntz** of Friend, Neb.; **Jim Chapman** of Klamath Falls, Ore.; **Tim Coe** of Wedowee, Ala.; **Bill Ehrke** of Fort Atkinson, Wis.; **Donna Sharp** of Bath, S.D.; and **Perry Teeter** of Mooresville, N.C.

## Producers adopt new policy at industry convention

Cattlemen and women from across the United States approved new policy resolutions at the Cattle Industry Annual Convention in Charlotte, N.C., Feb. 10-14. The policy will guide the beef industry into the new millennium as it works to stabilize demand for beef by meeting consumer demands while increasing the opportunity for cattle producers to grow their family businesses.

"Change is needed for cattle producers to sustain their family ranching and farming operations. These new policies will work to effect positive change within NCBA and the beef industry," said George Swan, NCBA president and a cow-calf producer from Rogerson, Idaho.

"Adopting NCBA policy is only the first step," said Swan. "We now need to coordinate closely with state affiliates to engage the federal government in the legislative, regulatory and judicial arenas in order to achieve policy implementation by the government."

The policy resolutions debated at the convention were first developed and approved by county and state cattle association members. The resolutions were advanced by NCBA committee members, approved by the board of directors and ratified by dues-paying members during the Stakeholders Congress.

Some of the key new policies that were adopted, listed by committee, include:

### Live-Cattle Marketing

- Require that any U.S. packer controlling

or slaughtering more than 5% of the daily federally inspected slaughter report price and terms of purchase of all cattle purchased within 24 hours of purchase.

- Immediate mandatory volume and price reporting be achieved for boxed beef, beef imports and beef exports.
- All cattle sold on formula and grid-pricing structures should have the base price negotiated by the buyer and seller prior to the cattle's being committed or scheduled.
- Support the advancement of the USDA rule-making process that would make it a violation of the Packers & Stockyards Act for buyers to request nonreporting as a condition of fed-cattle sales.
- Support the development of an economically feasible national identification system with continuing recognition of the hot-iron brand as a method of identification. Oppose a national animal identification system that is mandatory.

### International Markets

- Actively pursue enforcement of U.S. trade laws.
- Urge that all imported meat be subject to an inspection standard that is equal to that prescribed for domestically produced meat.
- Support U.S. investments in the International Monetary Fund.

### Agricultural Policy

- Oppose direct cash payments to any

segment of the livestock industry for the purpose of offsetting low market prices except for

1. Payments made for natural disasters; and
2. Efforts to establish commodity/revenue insurance programs in lieu of emergency disaster programs.

### Cattle Health and Well-Being

- Canadian, Mexican and U.S. import protocols for live cattle, beef and beef products from non-NAFTA countries should be identical, not simply "equivalent." Cattle originating from non-NAFTA countries retain their original country-of-origin identity.
- Support efforts of the Canadian Food Inspection Agency, the Canadian Cattlemen's Association and the USDA-APHIS to clarify requirements for participation in the Northwest Project for the 26 low-risk tuberculosis- and brucellosis-free states.
- Advocate the judicious use of antimicrobials and issues involving the use of antimicrobials in animals and humans, which must be resolved using sound science without influence of emotion or political agendas, and encourage producers to voluntarily comply with judicious antibiotic-use guidelines and to encourage others to do the same.

### Beef Safety

- Encourage the Food Safety Inspection

The Beef Board approved a \$4.3 million budget amendment to extend checkoff-funded programs in the following areas: promotion, \$1.8 million; research, \$653,000; consumer information, \$1.2 million; industry information, \$78,000; and foreign marketing, \$566,000. The budget amendment monies were made available through revenues that exceeded projections, savings in administrative costs, and 1998 projects that were completed under budget.

The amendment brings total FY 1999 budgeted Beef Board expenditures to \$50.7 million. The 1999 budget by component is set: promotion, \$26.1 million; research, \$5.6 million; consumer information, \$7.1 million; industry information, \$2.4 million; foreign marketing, \$5.6 million; producer communications, \$1.1 million; evaluation, \$150,000; program development, \$125,000; USDA oversight, \$250,000; and administration, \$2.3 million.

The Beef Board's winter meeting was held in conjunction with the annual meeting of the NCBA as part of the Cattle

Industry Annual Convention and Trade Show.

### Latest producer attitude research has mixed news

The latest round of producer attitude research shows an erosion of support for the \$1/head beef checkoff. "The research found 63% of producers say they approve of the checkoff," said Steve Hailey, CBB Chairman and a Mesa, Wash., cow-calf producer. "While this is down from our last round of research, it was encouraging that the research found the number who disapprove of the program has not changed and, in fact, isn't significantly different than the 21% who voted against the program in 1988."

Aspen Media and Market Research was commissioned to conduct the nationwide study of beef producers to determine their awareness and support for the beef checkoff program.

"There is more good news in this

research as well," Hailey noted. The survey found that more producers now consider themselves well informed about the checkoff. The research found 32% consider themselves "very well informed" about the checkoff, up from just 23% a year ago; 37% consider themselves "somewhat well informed," up from 33% a year earlier.

In their preliminary report, researchers noted that 69% of producers who consider themselves well informed approve of the program — 40% of them support it strongly. By contrast, only half of those who consider themselves "not too well informed" approve of the program. Although analysis of the research is still underway, researchers found that producers who say they disapprove of the program generally say they'd be willing to reconsider if they could get more information about how the dollars are spent.

"That means that our intensified producer communications program last fall was on target and made a difference," Hailey

CONTINUED ON PAGE 86



Service (FSIS) to maintain the present level of testing in the National Residue Monitoring Program and to provide this data in the form of an annual report on a timely basis. Encourage FSIS to make available previously collected, yet unreported, residue-monitoring data.

#### Tax and Credit

- Support elimination of federal estate (death) taxes.
- Support accelerated depreciation schedules and tax credits for private individuals and other noncorporate business entities, as well as corporations, that are mandated to install pollution-control measures.
- Support amending the Federal Unemployment Tax Act to increase the quarterly wages threshold and to provide for annual indexation of that threshold.

#### Federal Lands

- Request that Congress fund a line item to be used solely for range monitoring. Only qualified persons shall perform monitoring of resource conditions and trends, and monitoring protocols shall be site-specific, scientifically valid and subject to peer review, and monitoring data shall be periodically verified.
- Support the Wildlife Services program and ensure it is adequately funded.

#### Property Rights and Environmental Management

- Support litigation on behalf of owners of land along railroad rights-of-way that

have been converted to trails for public use.

- Ensure that the primary focus of the Grazing Lands Conservation Initiative be providing high-quality technical assistance to private landowners.
- Oppose the Global Climate Treaty and associated legislation, regulations and executive orders.
- Ask that government-owned lands comply with the same fence laws and traditional fencing practices as private-property owners.
- Oppose any listing of the prairie dog as a candidate for the Endangered Species Act.
- Encourage the U.S. Fish and Wildlife Service and state wildlife agencies to work with all agriculture and sportsmen's groups and politicians to avoid the listing of the sage grouse as an endangered species.
- Encourage producers to be active in the development of state and national rules and strategies pertaining to animal-feeding operations and to support local administration of rules, regulations, research and the development of local standards on a state basis.

#### Science and Technology

- Encourage the development of an education program for beef producers to help control the spread of Bovine Leukosis Virus and reduce the incidence of the disease through monitoring and research.

- Request USDA to provide a line-item budget adequate for the rapid development, dissemination and long-term support of a national beef information database so producers can access current, unbiased research and technologies in a timely manner.
- Work to obtain support for the creation of a National Cattle Evaluation Center for Research and Development where research can be focused in areas including DNA information and genetic evaluation, reproductive efficiency, and carcass composition and quality.
- Recommend that NCBA policy staff and appropriate leadership work with an industry coalition to develop alternatives to expanding the *E. coli* O157:H7 adulterant rule.

#### Nutrition and Health

- USDA currently allows a maximum of 30% vegetable protein in meat products in the national feeding programs (NFPs); therefore, NCBA does not approve of the addition of "vegetable protein" into beef products unless:
  1. Demand for beef products is increased due to an increase in the number of beef offerings in the NFPs; and
  2. "Vegetable protein" does not account for greater than 30% of meat products and is not used as a substitute for meat products.



said, "but we can't give up trying to get more information to producers. It's what they want and deserve. Producers have a right to know and want to know about how their dollars are spent and the results the beef checkoff produced."

The CBB is a 111-member board appointed by the Secretary of Agriculture to

administer the national beef checkoff. It oversees the collection of the \$1/head checkoff, certifies state beef councils, implements the provisions of the federal order establishing the checkoff and evaluates the effectiveness of checkoff programs.

### Report outlines efforts to build demand in 1998

Information on demand-building programs for beef and the involvement in these programs of grassroots producers are highlighted in the 1998 annual report from the Cattlemen's Beef Promotion



## Cattle-Fax shares outlook for 1999

"Smaller beef supplies should result in improved prices for producers and cattle feeders in 1999. The anticipated decline in beef production is a result of declines in total cattle numbers from a cattle-cycle peak in 1996 of 103.5 million head to 98.5 million head on Jan. 1, 1999," said Topper Thorpe, executive vice president of Cattle-Fax.

"Cattle numbers are expected to decline slightly again in 1999," Thorpe noted. "Smaller cattle supplies will result in declining beef production for the next several years. This is normally accompanied by higher cattle prices."

Thorpe and other Cattle-Fax analysts outlined the beef industry situation and outlook in presentations during their annual Outlook Seminar at the 1999 Cattle Industry Convention and Trade Show.

"1998 was a reminder that global trade, competing meat supplies and weather are still major factors influencing cattle prices," Thorpe pointed out. "Beef supplies were larger than anticipated; a severe drought affected Texas and surrounding states; declines in the value of foreign currencies compared to the dollar stimulated imports and hampered exports; and pork production increased sharply through the year. This combination resulted in lower-than-anticipated cattle prices and significant losses for cattle producers and feeders during 1998."

Beef supplies are expected to decline about 4% in 1999. Total cattle slaughter is expected to decline 3%-4%, or about 1 million head.

Cattle-Fax projects average annual prices at about \$66/hundredweight (cwt.) for fed cattle in 1999; \$73-\$74/cwt. for feeder steers weighing 700-800 pounds (lb.); and \$88-\$90/cwt. for calves weighing about 500 lb.

To achieve these price levels, analysts explained, the following must happen:

- The cattle-feeding industry must get current in its marketings during the year, and average weights of fed cattle must decline from 1998 levels.
- Competing meat supplies must not increase dramatically.
- Exports of beef and beef byproducts and competitive meats at or above 1998 levels are critical for improvement in domestic prices.

The beef industry still faces relatively large supplies of fed cattle through the first quarter of 1999, with some decline anticipated in the second quarter. In addition, fed-cattle weights remain above average and above year-ago levels. Pork supplies will remain large through the first half of 1999.

Total cattle-on-feed numbers are below year-ago levels, pointing to declining supplies in the second quarter. However, price improvement will occur only if the feeding industry is current and there is some reduction in average slaughter weights. Average prices for fed cattle are expected to be lower during the first half of the year than during the second half.

Based on present assumptions, here are more details on Cattle-Fax's outlook for 1999 and beyond.

#### Cattle numbers and beef supplies.

Total cattle numbers on Jan. 1 were estimated to be 98.5 million head. This marks the third consecutive year of herd reduction, with a small reduction anticipated again this year. So far there has not been a strong trend to expand herds or to restock. Economic conditions, drought and disappointing returns in 1998 are primary reasons for the absence of herd expansion. Weather and prices permitting, it is possible that some expansion will be seen late this year.

Total beef production in 1999 is expected to fall below last year's record level of 25.7 billion lb., declining to about 24.6 billion lb. This represents a decline of about 1 billion lb., or 4%, from 1998. Per-capita consumption will decline about 3.7 lb. from the average last year, to about 64.2 lb. in 1999. Further declines in per-capita consumption are expected over the next several years, corresponding to the expected declines in annual beef production.

**Price outlook.** Fed-cattle prices will vary throughout the year, likely averaging higher in the second half than in the first. Prices are expected to average in the low \$60s the first half and in the high \$60s the second half. Brisk competition will likely support prices in the low \$70s for the smaller supplies of 700- to 800-lb. feeder cattle. Calf prices are expected to exceed last year's prices, averaging in the high \$80s.

**World situation.** The ability to export product will continue to be a critical factor in the industry outlook. All meat industries have become dependent on exports to some degree. When exports are limited by exchange rates, or for other reasons, the extra supply has to be absorbed domestically. This typically results in pressure on domestic prices. In addition, the situation encourages imports, further adding to domestic supplies. Total beef exports were up a little in 1998 from a year earlier, and this same trend is expected in 1999. Beef byproduct and hide values were under pressure all year, contributing significantly to lower fed-cattle prices.

**Grain situation.** The 1998 grain crop was the second-largest in history. The carryover increased, and grain prices remained relatively low. Grain exports in 1998 were limited because of exchange rates. If this situation changes significantly in 1999, it could affect grain prices. Overall, grain prices should be positive for cattle producers and feeders in 1999.

**Competing meats.** Pork production in 1999 is expected to be up 1%-2% from a year earlier. Most of the increase is anticipated in the first half of the year, but supplies are expected to remain relatively large throughout the year. Poultry supplies are expected to be up 3%-4% in 1999, compared to an increase of only 1% in 1998. Thus, competing meat supplies will remain large.

**Demand.** The long-term decline in consumer demand for beef continues to be of concern, although consumers are expected to spend a little more money on beef in 1999 than in 1998. Per-capita consumption will decline as beef supplies decline for the next several years. The cyclical decline in supplies will temporarily support prices, but, until the industry takes steps to improve its competitive position in the protein market, it will continue to lose market share in terms of both dollars and tonnage.

**Profitability.** All segments of the industry should fare better than in 1998, with an opportunity to begin recouping some of the losses sustained in 1998.

and Research Board. The report, titled *My Dollar Did It*, provides examples of programs conducted with checkoff dollars and features detailed, audited financial information on income and expenditures, including a by-state revenue listing.

Included in the report are specific results of promotion, information and research programs conducted with checkoff dollars. Financial information, audited by Arthur Andersen LLP, in the report covers two fiscal years, ending Sept. 30, 1998, and 1997.

A free copy of the report can be obtained by writing the Beef Board at PO Box 3316, Englewood, CO 80155, or by calling (303) 220-9890.

### Beef industry unveils blueprint for new product development

Dedicated to increasing the value of the chuck and round, the beef industry's team of experts in new product development is bringing a disciplined approach to the creation of new beef and veal concepts using undervalued primal beef cuts.



"The best way to add value to the chuck and round is through new product development," said Lee Hall, a cattle producer from Lexington, Ky., and chairman of the beef industry's New Marketing Initiatives Committee. "Through new products, we can increase the market price for traditionally undervalued cuts."

The industry's New Product Development Team includes a variety of experts — meat and food scientists, operations experts, marketers, chefs and home economists who have worked in the meat packing, processing, packaged goods, foodservice and retail industries.

To help build demand for beef, the team identified a number of opportunities based on their ability to produce the greatest volume increases for producers in the shortest amount of time, capitalize on consumer trends and increase carcass value.

**1. Value-added ground beef.** "While almost half of all beef sold is ground beef, it still does not command a price commiserate with its value in today's market," said Hall. In response to this concern, the team is evaluating a number of product concepts using ground beef in new ways. One such concept is a precooked ground beef crumble that can be used in foods such as lasagna, sloppy joe sandwiches and a variety of other ground beef meals.

**2. Ready-to-eat beef.** The deli case represents another untapped area for the beef industry. Profits from the supermarket deli have grown from \$2 billion in 1990 to more than \$23 billion in 1997. While beef remains the leading protein in the meat case, it lags behind rotisserie chicken, ham and turkey in deli case sales. The beef industry was intending to roll-out Rotiss-A-Roast, a new beef roast prepared in the supermarket deli similar to rotisserie chicken, in 69 Dominick's supermarkets in the Chicago area in February.

**3. Versatile, quick beef.** The beef industry also intends to tackle the popularity of chicken in the fresh meat case. Another new product initiative for the New Product Development Team is a quick and easy beef product that rivals the skinless chicken breast. The team is currently working on a beef product that will compete with the chicken breast in terms of convenience, nutrition, ease and speed of preparation, and proportionality.

**4. Beefy finger foods.** Appetizers represent a previously untouched segment for the beef industry. With consumers' increasing demand for portable food options, finger foods have succeeded in foodservice and retail channels. The New Product Development Team's experts are pooling their collective talent on three to four appetizer concepts, such as steak fingers, to successfully reach this corner of the market.

**5. Deli sliced beef.** For instance, the growing QSR sandwich segment represents a new arena for the beef industry to explore. Like finger foods, new beef deli products can be incorporated into both the foodservice and retail channels.

### Study group outlines "drivers" to beef demand

Five product characteristics drive beef demand and must all be addressed if the beef industry is to reach its goal of stabilizing beef demand by 2001, according to a special Beef Demand Study Group chaired by Paul Genho, a cow-calf producer from Kingsville, Texas.

The five characteristics, or drivers, are food safety, palatability, health and nutrition, consumer-friendly products (convenience), and cost/price/perceived value, which can be characterized as two

profitability drivers, cost efficiencies and value enhancement. According to the study group, all five characteristics work together to drive demand, and they have accounted for most of the product-related decline in beef demand since 1980.

Other findings:

- Beef demand has declined by more than 48% from 1980 to 1997.
- Food safety is a threshold requirement for beef demand. While safety may have little direct impact on demand, there will be no demand for beef unless consumers perceive it as safe.
- Consumer demographics that have significantly impacted demand during the past 20 years include age, household income, household size, education, employment and rural vs. urban location.
- Current data indicate that consumer concerns about nutrition and health continue to have a substantial negative impact on beef demand and should be addressed by the industry.
- No single driver is the magical factor that will stabilize demand. All must be addressed to halt declining demand.

For a copy of the *Beef Demand Study Report*, write to Rich Otley, Cattlemen's Beef Board, PO Box 3316, Englewood, CO 80155.

The Beef Demand Study Group was established to develop tools for monitoring changes in beef demand that can be used in planning, budgeting and evaluating the

CONTINUED ON PAGE 282





progress toward the goal of stabilizing and increasing demand. Significant funding was provided through the beef checkoff.

### Industry launches bold nutrition campaign

A beef checkoff-funded demand study reported in January that “consumers’ concerns about health and nutrition continue to have a substantial negative impact on beef demand and should be addressed by the industry.” The industry is responding by launching its first-ever comprehensive nutrition program, “*Beef. It’s Got What You Need.*” It will serve as the foundation for all checkoff-funded nutrition programs for at least the next three years.

“Consumers love beef. They just need permission to eat it. If we are going to help stabilize beef demand by the year 2001, we need to give them what they need. ‘*Beef. It’s Got What You Need.*’ will do just that,” said Dave Bateman, a cow-calf producer and feeder from Elburn, Ill., and chairman of the NCBA Nutrition and Health Committee.

“By using a three-pronged approach, our nutrition campaign will build a new identity for beef,” said Mary Young, NCBA director of nutrition research and information. “First, we need to reinforce known nutrients like iron and protein and introduce others that are new and newsworthy, like the B vitamins and zinc. Second, we need to differentiate beef from other protein sources, which is easy to do. Ounce-for-ounce, beef’s nutrient profile is hard to beat. For instance, you’d have to eat three 4-ounce cans of tuna to get the same amount of zinc in 3 ounces of beef.

“Finally,” she continues, “we need to make beef personally relevant. By linking key nutrients to increased energy, the immediate payback consumers want from nutrition, we can motivate behavior change.”

The timing of the launch couldn’t be more right, according to Bateman. “Research tells us that 44% of consumers would eat more beef if they believed it was as healthy as chicken. If we can demonstrate beef’s nutritional value, we can change consumption to help us meet our long-term goals.”

### New foodservice ad campaign

Beef checkoff dollars are spreading a new “easy beef” message to foodservice operators all over the country, urging them

to use value-added beef products and other beef cuts that are simple to prepare. The beef industry launched its 1999 foodservice ad campaign in January.

Building on the successful “craving” campaign, the new foodservice ads will continue to position beef as a leader by encouraging the use of value-added beef products and by reinforcing its popularity. The three new advertisements feature prime rib, pot roast and a steak sandwich in menu ideas consistent with popular trends. The new ads will run in *Nation’s Restaurant News*, *OnSite*, *Restaurant Business* and *Restaurants & Institutions* magazines from January through September.

Advertising in foodservice trade publications is an effective vehicle to communicate the message to the top 200 chain restaurants, top 25 contract-management companies and other high-volume independent restaurants.

In addition to the scheduled media placements, checkoff dollars have helped to negotiate numerous value-added merchandising opportunities, including nine advertorials, premium positioning and various sponsorship opportunities.

### Fully prepared beef product directory

“Today’s consumers want quality beef products but with the added attribute of convenience,” said Marvin Walter, chairman of the Prepared Beef Task Force, in announcing the availability of the *Fully Prepared & Value-Added Beef Products Directory*.

“The directory focuses on convenience from the perspective of the manufacturers and the suppliers of prepared beef products who want to market their products to the retail or foodservice distribution channel. With the information so easily accessible, the directory helps promote that supplier/manufacturer synergy.”

Criteria set for beef products to qualify for the directory emphasize convenience and support the beef industry’s strategy. Products must be fully prepared (cooked); distributed to retail/foodservice as a branded product; value-added (uncooked) by marinating, seasoning, etc.; and not a “pegboard” item such as cured lunch meats or hot dogs.

Funded with checkoff dollars, the directory offers an easy-to-use format with an alphabetical listing of company names.

Each listing includes manufacturer and contact person name, product names and descriptions, distribution or marketing channel, subprimal source, and current distribution area.

For more information on branded, fully prepared beef products or to receive a copy of the directory, call 1-800-938-8870.

### Value-added beef strategy announced to foodservice

Checkoff dollars recently helped launch an aggressive marketing program to build interest in and awareness of value-added beef within the foodservice industry. The program targeted chain-restaurant menu decision makers.

The new strategic direction was announced with an advertising insert, *The New Face of Beef: Foodservice Perspectives and Personalities*, in the Jan. 25, 1999, issue of *Nation’s Restaurant News* magazine, a leading national foodservice trade publication. The full-color, eight-page piece provides an overview of the beef industry’s value-added beef strategy as it relates to key operational issues that foodservice operators face today: labor and convenience.

“With this insert we hope to jump-start demand ... for value-added beef products in the foodservice marketplace,” said Ken Davis, a beef producer from Leesburg, Ohio, and chairman of the beef industry’s Foodservice Committee. “It’s essential that we communicate to operators that there’s an industry-wide commitment to creating and promoting labor-saving, value-added products that make it easy to menu and promote satisfying beef dishes. This piece does just that.”

### The future of beef is at the rotisserie

As the nation’s cattle ranchers converged on Charlotte for their annual convention, they brought with them a taste of the future. At the Morrocroft, Cotswold and Quail Corners Harris Teeter supermarkets, Charlotte residents and cowboys alike got to sample one of the industry’s newest innovations: Rotiss-A-Roast™ beef. Not yet available nationally, Rotiss-A-Roast is a beef roast prepared in the supermarket deli in the same way as rotisserie chicken.

Like rotisserie chicken, the 1- to 1¼-pound Rotiss-A-Roast serves a family of three or four and will retail for \$6.99-



\$8.99/roast. This roast meets the U.S. Department of Agriculture (USDA) requirements for lean with less than 6 grams of total fat and 2 grams of saturated fat per serving. Like all beef, Rotiss-A-Roast is a good source of many important nutrients such as iron, zinc, B vitamins and protein.

“Rotiss-A-Roast beef delivers the home-cooked, slow-roasted taste of beef that consumers want, without lots of hassle in the kitchen,” said Carl Blackwell, executive director of new product development for NCBA, which developed Rotiss-A-Roast beef. “Served hot as a dinner entrée or sliced up cold for salad toppings or sandwiches, Rotiss-A-Roast beef is versatile to match any meal consumer’s desire.”

The beef industry’s goal is to sell 100 million roasts per year by 2004.

“People love the taste of beef. Beef is the number-one-selling protein in the fresh-meat case. The beef industry has a real opportunity to translate that popularity to today’s deli departments,” said Blackwell.

### Beef industry and SYSCO add spice to new beef and veal products

As part of the beef industry’s ongoing partnership with SYSCO Corp. to build excitement into the company’s beef and veal product lines, merchandisers from northeast SYSCO operating divisions met at a forum hosted by the New York Beef Industry Council at the Culinary Institute of America in New York last month to discuss innovative ways to introduce a series of 30 new beef and veal products to foodservice customers.

The beef industry/SYSCO initiative began last year when the beef industry’s New Product Development Team shared with SYSCO several product concepts developed from undervalued portions of beef, such as the chuck and round. Realizing these concepts had potential for the foodservice setting, SYSCO requested the beef industry’s assistance in developing and introducing the new products to the foodservice marketplace. The new line of beef and veal products includes such items as oven-ready roasts, specialty beef steaks, smart-cut veal, veal bacon and a variety of beef and veal appetizers.

Culinary Institute of America faculty member, Chef Instructor Mark Ainsworth, discussed recent trends affecting the foodservice industry and offered different

### Montana cattle ranch wins national environmental award

The Matador Cattle Co., managed by Ray Marxer, along with his wife, Sue, was recognized as the national winner of the eighth Annual NCBA Environmental Stewardship Award. The ranch, with headquarters in Dillon, Mont., was honored for using innovative practices to protect and enhance natural resources while increasing the profits of the business.

The Matador uses planned grazing systems to reduce soil erosion and to increase the quality and quantity of forage. In addition, the company develops off-stream water using gravity-flow pipe to move water to metal tanks away from the stream to increase livestock distribution.



They also use temporary fences and time-controlled grazing to stabilize stream banks and improve water-carrying capacity.

The Marxers report the ranch is flourishing from the overall management of natural resources. Plants and wildlife are abundant.

The Matador is home to a variety of wildlife, including antelope, elk, moose, beaver, fox and birds such as blue herons, sandhill cranes and bald eagles. Fish are especially plentiful in rivers and streams on the ranch. According to the Marxers, the Matador has benefited by increasing the carrying capacity (number of cattle that can be sustained) on the ranch by 8% in the past seven years, cutting feed costs by 25% and increasing weaning weights by 22%.

Manager since 1990 and an employee since 1974, Marxer said this award has special meaning. “We appreciate the validation and recognition by our peers, as well as professional land and wildlife managers, of what we’ve been doing all along — continually striving to improve our management practices to optimize resource health and vigor. It’s also humbling in that unless God sends the rain and makes the sun to shine, our work wouldn’t mean much”

The Marxers have three children: Clayton, 16, Anna, 15 and Kristy, 13. “One of the main reasons we do what we do,” said Marxer, “is so that our children can be raised in this environment. While they are learning the meaning of responsibility, character and integrity, they are learning to love and respect the land and animals.”

Clark Willingham of Dallas, Texas, NCBA’s 1998 president, lauded the award winner. “The Matador Cattle Company is an extraordinary example where some of our most valuable resources — earth, water, wildlife, grasses and trees — are thriving hand in hand with a healthy cattle operation. This is a prime example of the unique partnership U.S. cattlemen have with the environment. Working with the rhythms of nature, cattlemen can increase their bottom line, while improving the earth for future generations.”

Nominated by the Montana Stockgrowers Association, the Matador includes more than 6,400 cow-calf pairs and 800 stocker cattle and is owned by Charles and David Koch of Koch Industries.

The ranch sign sums up the award winner’s philosophy. It reads, “Environmental Stewardship — It’s Our Business.” “Any business deriving their long-term profitability from renewable natural resources knows that the best way to improve and sustain the business is to improve the health of the resources,” Marxer said.

The Environmental Stewardship Award Program is funded by NCBA and the Cattlemen’s Beef Board. In addition, Dow AgroSciences is a sponsor of the program.

The Matador’s reliance on Angus bulls was featured in the January 1999 *Angus Beef Bulletin*.

methods of keeping the new beef and veal menu items current. Ainsworth incorporated Americans’ increasing desire for ethnic tastes by applying a variety of sauces, glazes and marinades, such as Thai curry, Korean and lemongrass to complement some of the new products.

“With faculty from the Culinary Institute

of America displaying innovative appetizer and center-of-the-plate items created from the new line, SYSCO representatives learned how to make the new products even more enticing,” said Ann Noble Shephard, retail and foodservice coordinator for the New York Beef Industry Council.

After the promising launch of the beef



industry's R&D Ranch in the fall of 1998, the meeting marked another step by the industry to boost demand for beef through the introduction of new products made from undervalued cuts of meat. The R&D Ranch plays a pivotal role in this initiative. The beef industry is hosting R&D Ranch seminars to help partners, processors, distributors, retailers and foodservice operators broaden the scope of new product ideas beyond the traditional steak or hamburger.

"Our role at the National Cattlemen's Beef Association is one of a catalyst. We want to help companies such as SYSCO develop new products that add value to foodservice operations and help operators deliver a great beef experience to their customers," said Carl Blackwell, executive director of new product development at NCBA. "The new SYSCO lines are especially important to us because many of these innovative products use the chuck and round."

At January's new beef and veal product forum, R&D Ranch team members and representatives of the New York Beef Industry Council showcased the new beef and veal products to SYSCO officials from seven states and nine operating divisions.

### ANCW elects 1999 president

**Janice Connelley** of Mountain City, Nev., was installed as president of the American National CattleWomen (ANCW) during the 1999 Cattle Industry Annual Convention. ANCW, the voice for women in the cattle industry, serves as an educational and promotional organization for the industry.

Connelley's theme as she travels across the country this coming year representing ANCW and the beef industry will be "Where Tradition Meets the Future."

Connelley and her husband, Jim, operate a cow-calf ranch in the mountains of northeastern Nevada.

### Jones named Outstanding Cattlewoman

**Eleanore Jones**, of Huntley, Wyo., was named Outstanding CattleWoman of the Year by the ANCW during their annual convention. The award, sponsored by Bayer Corp., recognizes cattlemen who have continually excelled at beef promotion on the local, state and national levels through their dedication, commitment and support to ANCW. Jones and her husband, Chuck, have enjoyed a lifelong commitment to the livestock business and family.

### Max Deets leadership scholarship launched

The National Cattlemen's Foundation (NCF) is pleased to announce the launch of the Max Deets Leadership Scholarship program, developed in honor of Beloit, Kan., cattleman Max Deets, who served as the 1997 NCBA president. The scholarship was established through contributions from the Kansas Livestock Association (KLA) and the NCBA to foster rising leaders in the beef industry.

The scholarship will award the chairman of the annual NCBA Young Cattlemen's Conference (YCC) an all-expense-paid trip to attend the NCBA Cattlemen's Leadership Institute — a value of approximately \$1,000. The scholarship program is administered by the NCF Board of Trustees, who approved the program during the 1999 Cattle Industry Convention and Trade Show. The first Max Deets Leadership Scholarship will be awarded following the June 1999 YCC.

### UK wins collegiate quiz bowl

The National Collegiate Beef Quiz Bowl, hosted by Superior Livestock Auction, was held Feb. 13 as part of the 1999 Cattle Industry Convention and Trade Show to give future beef industry leaders the opportunity to show their industry knowledge. The Quiz Bowl is sponsored by NationsBank—Bank of America and the NCF.

The four teams invited to participate in the Beef Quiz Bowl are the sectional winners of the Academic Quadrathlon (AQ) of the American Society of Animal Science (ASAS). Competing teams included Brigham Young University, the University of Nebraska, Penn State University and the University of Kentucky. Each team received a \$2,500 award to be used at their respective agricultural schools.

The **University of Kentucky** was the overall winner.

### Pitchfork wins best remuda

The Pitchfork Land & Cattle Co. of Guthrie, Texas, owned by the Williams family of St. Louis, Mo., is the winner of the 1998-99 Best Remuda Award, which was presented by Bayer, the American Quarter Horse Association (AQHA) and the NCBA. The award was presented at the 1999 Cattle Industry Convention and Trade Show.



### Angus breeders recognized as regional winners



**Carl (left) and Charles (center) Bryson, representing Poplar Hollow Farms, Brevard, N.C., were recognized as regional winners of the NCBA Environmental Stewardship Award. Winners of the 1997 Angus Journal Land Stewardship Award, their operation was featured in the October 1997 issue of the Angus Journal.**



**Jesse (left) and Gayle (center) Bontecou were recognized as regional winners of the NCBA Environmental Stewardship Award. Owners of Rally Farms, Millbrook, N.Y., the Bontecous' registered operation includes a herd of 150 breeding-age females situated on rolling pastureland between the Catskill and Berkshire mountains.**