

By definition, niche production isn't for everyone. But if you want to raise Angus cattle with detailed records that document no implants, antibiotics or animal-derived feed, there's good news. Certified Angus Beef LLC (CAB) licensed BC Natural (BCN) Foods in February to produce *Certified Angus Beef*® (CAB®) Natural.

The Colorado-based company operates two beef plants, B3R Country Meats in Childress, Texas, and Coleman Natural Products in Limon, Colo. On April 1, the first orders for CAB Natural were filled at the B3R plant. The truck was bound for Newport Meat Co. in Irvine, Calif., and a host of eager buyers for posh hotels and restaurants.

One Beverly Hills chef exclaimed, "So, you have finally produced the product I have been waiting so long to buy!" Many West Coast dining guests had been requesting "natural" Angus beef, but their taste buds weren't always happy with the offerings. People noted for their superb taste wanted a beef product to match. CAB Natural represents a definitive answer.

Now in a test-marketing phase where licensees will determine prices and how much of each carcass can be sold as CAB brand Natural, product specifications were set long before production. It is the only natural beef brand that requires Modest or higher marbling. Each cut must meet all the terms for traditional CAB product and come from cattle that were never given antibiotics, hormones or animal byproducts.

CAB will be applying for U.S. Department of Agriculture (USDA) Process Verification third-party audit, review and continuous evaluation to ensure the program is consistent with its claims at the producer, feedlot and packing levels, says CAB President Jim Riemann.

"Like CAB brand Prime, our natural products complement the original line of fresh beef and our value-added products," Riemann explains. "It is being offered as a solution to those consumers and chefs seeking premium taste while preferring a more natural product."

He emphasized that the new brand extension is a "specialty product" and not better than other CAB brand products. Compared to other natural products, however, it stands alone with the higher marbling requirement.

On the ranch

Producers are excited about the prospect of adding still more value to the leading brand.

By his mid-20s, Jerry Bob Daniel was managing 100,000 acres, 1,600 cows and up to 4,000 stockers near Truscott, Texas. But he



The CAB Natural Niche

Is it time to break out of the pack?

Story & photos by *Steve Suther*

"settled down" to 28,000 acres, including his 15,000-acre Circle-Bar Ranch, which he started with his wife, Eugenie, in 1982. By the late 1980s they had put together a string of locally adapted Angus cows and began shopping for bulls using expected progeny differences (EPDs).

Today, Daniel also serves as a consultant to a noted ranch — the Pitchfork Ranch — owned by investors that include his wife's family. Last year was the first time he saw carcass data from Circle-Bar or Pitchfork calves. In the fall, he sent steers back to the CAB-licensed McLean Feedyard Ltd., McLean, Texas, eager to see if the good news could hold up. Those first calves gained 3.3 to 3.4 pounds (lb.) per day and graded better than 90% Choice at the B3R plant.

"We need more ribeye," Daniel says. "I look at all traits and try to keep them all in

balance, above breed average; but, we're setting the bar a little higher now for ribeye area." At a January sale of 200 Angus bulls, 28 met his requirements for Pitchfork bulls, and 21 were purchased. They cost \$875 per head above the average, but Daniel figures they will be worth it on the BCN grid.

"We pay carcass premiums of \$5 per hundredweight (cwt.) for natural and \$1.50 per hundredweight for 50% or greater Angus genetics," says James Henderson, president of the BCN Red Meats Division. "We also pay premiums based on hide brand location, marbling scores (progressive, from Small to Abundant), ribeye size [for each 0.3 square inch (sq. in.) above 12.3 sq. in.], backfat for each tenth below 0.4 inch, KPH (kidney, pelvic and heart fat) for less than 2.5%, and



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► **Above:** Over the years, McLean Feedyard's natural-fed cattle had up to 7% loss in feed efficiency compared to other cattle at the yard. That meant a 740-lb. average carcass gave up about \$16 to get \$37.

carcass weight between 725 and 875 pounds.”

On the other hand, there are discounts for Slight and lower marbling, for each 0.3 sq. in. of ribeye below 11.8, for each tenth of an inch of backfat above 0.5 in., KPH more than 3.5%, and for carcasses weighing less than 650 lb. and more than 875 lb. Interested producers can contact BCN for still greater detail, Henderson says.

Premium pay

Laphe LaRoe, manager of McLean Feedyard, says new customers usually find the premiums more than make up for implants and antibiotics use. “The natural premium is a nickel per hundred of carcass, so \$40 for 800 pounds is a real number they can count on.” During the years, McLean’s natural-fed cattle had up to 7% loss in feed efficiency compared to other cattle at the yard. That meant a 740-lb. average carcass gave up about \$16 to get \$37.

“Cattle will finish pretty close to the same weight,” LaRoe says. “You don’t give up the pounds, but you get wider windows for harvest, not just when the implant plays out.” In this data-rich supply chain, cattle from longtime customers may be pulled forward or held until the end of a finish window based on market needs and genetics, he adds. “The information makes a good tool for everyone, from the producer to the plant, and it’s good for the industry because it makes the cattle better.”

Half of McLean’s 25,000-head custom yard capacity is devoted to B3R, and LaRoe says at the rate the natural beef niche is growing, “we’re going to need a lot more cattle. The good news is the demand, and a lot of producers who want in.”

An alley down from Daniel’s calves at McLean, a pen of calves stand out not so much for uniform color as for uniform quality. These are from the Robert Gray Farms Inc. at Kremlin and Shidler, Okla. Gray has been channeling ranch production into B3R since 1998.

That was the first year all cows had individual identification (ID), and by 2000 that was true for all calves. Recent results show that the breed



► Robert (left) and Robbie Gray have been channeling ranch production into B3R since 1998.

complementarity of Angus and Braunvieh genetics and a data-driven approach can produce ideal calves. They gained a little more than 3 lb. per day and surpassed 90% in both Choice grade and lean categories of Yield Grades (YG) 1 and 2.

Many of the calves will qualify for CAB Natural already, but the Grays — Robert and Linda, son Robbie and his wife, Shanna — are planning ahead. They purchased more than 200 registered Angus females last year to raise their own replacements for the combined 1,000-cow herd. Perhaps 400 of those cows will be purebred Angus, just to generate adequate replacements for the 8,200-acre operation.

The Grays had purchased black heifers from various sources for years, starting them on Angus bulls and then terminal breeding to a succession of Continental bulls. They settled on Braunvieh because the calves didn’t give up marbling to get ribeye. However, individual calf records showed great variation among cows.

“We sold Angus calves from 300 black heifers into the B3R system, but we didn’t

have the consistency we wanted,” Robbie says. “So we decided to start with better genetics and raise our own.”

“With heterosis, cows can get to 10 or 12 years old, but we’re going to start mouthing them to keep age under 9 as a first step,” Robert says. “I want the low producers in our herd to be above average in the industry. We will get to where we move the 5- and 6-year-olds at a profit and go on with our better replacements. We will be comparing our straightbred Angus to the crossbreds to see how much of the herd should be Angus, but the first calf out of all of them will always be Angus.”

Teamwork

Ranchers like Daniel and Gray work closely with Neal Odom, BCN director of calf and feeder procurement. Daniel says, “Everything I do out here is because I love this life, and I have to work to make sure it will always be here. For starters, I want to find the top, and especially the bottom 20% of calves from this herd, and I’ll do it through DNA.”

Odom agrees, “The quickest, biggest bang for your buck is to change what you have in your bulls. If a producer can get DNA from the bulls, it’s a simple matter because we pull DNA from every carcass at B3R.”

Once a producer has been with the program for several years, they may see value in higher levels of ID; indeed, Gray is using electronic ID (EID) on cows now, and affixing color-coded and B3R-supplied EID on calves at weaning. “Robert is sold on individual ID,” Odom says, “and he recruits other producers by explaining individual ID is not necessary to make our system work, but it is necessary to make improvements in your cows.”

Coordinating genetics and management are the main keys to opportunity, Odom says. “Most of it is in management, but some of that is attitude as well. A lot of producers think the packer is making hundreds of dollars off them,” he notes. “Some cattle really are worth \$500 less than the top; they cost



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everybody money at every step and lose consumer demand.

“Too many producers still follow the pack,” Odom says. “They have lived off average so long that’s all they know for comparison. But if you produce average cattle and sell for average dollars, basic economics says you net zero dollars.”

BCN’s goals of 200,000 head this year, 300,000 head next year and 450,000 head in 2006 represent real opportunities for producers to break out of the pack, says Mary Lou Bradley, B3R founder. Such numbers were once unthinkable for the 700-head-per-week B3R company, but it grew out of an idea that let Mary Lou and her parents, Bill and Minnie Lou, break out of the pack in 1986.

Minnie Lou says, “Being part of CAB was our dream in the beginning, but it always seemed a long ways off. It took time for ‘natural’ to rise above being a stepchild in the industry, too. Time takes care of a lot of things.” Thinking back to the days before the Childress plant when the farmhouse porch was lined with freezers, she says, “Never in my wildest dream did I think this would come to so much. We were just trying to take care of our family on this rough piece of ground.”

Average wouldn’t cut it then, and it won’t cut it today, Mary Lou says. “Producers have to set goals. Sustainable ranching means profitable ranching, and the B3R program can help in marking progress toward those goals,” she says. “As we grow in volume, smaller producers can play an important role by taking extra care, adding value and getting paid for it.

“It’s a job to act on the information you get back,” Mary Lou says. “Some producers try it once and nobody likes the result. But if they get to work on the problems, we can see real improvements in a few years.

“Other producers haven’t tried our program because they are afraid they will give up too much without implants,” she notes. “Why not implant every other calf this year, and tag the other ear so you can see how much they (implants) really help in your situation?”



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Focus on feedlot partners

Mary Lou has seen feedlots gradually change from a commodity focus to becoming partners in the supply chain. Heritage Feeders, Wheeler, Texas, was the first B3R-certified feedlot (it became CAB-licensed this year, too), but more volume moved through McLean Feedyard in recent years.

Now the doors are open to a new group, CAB Partner feedlots across the country that want to produce for the natural niche. CAB has recently licensed Coleman-linked Plains Feeders, Burlington, Colo.; Cervi Feedlot, Greeley, Colo.; Schramm Feedlot, Yuma, Colo.; and KCC Feeders, Minden, Neb.

North Platte (Neb.) Feeders Inc., and McGinley-Schilz Feedyard Ltd., Brule, Neb., also have a long history of producing for Coleman Natural Products. They plan to step up production now that CAB Natural is a target.



►Neal Odom, BCN director of calf and feeder procurement; Jerry Bob Daniel of Circle-Bar Ranch near Truscott, Texas; and Mary Lou Bradley, B3R founder, are part of the team supplying CAB brand Natural products.

Ken Schilz won CAB’s 2003 Progressive Partner Award for his focus on the supply chain and desire to take it a step farther. “This is the development we were waiting for,” Schilz says. He has already met with producers who represent 5,000 head of calves that could do well in the program.

“These guys are mostly from Montana and California, and they are really excited to have these new options for production,” Schilz says.

“We have 800 head of their cattle in the yard now, though they are not qualified for natural. Next year we should be able to produce at least 5,000 head for the Coleman plant at Limon.”

Producers aren’t always motivated by grid premiums, Schilz says. “For many of them, especially the Californians, it’s their philosophy — they don’t want consumers to have to worry about care and feed protocol. We have inquiry from retained ownership customers as well as investors,” he says. “The natural movement is really booming.”

Jack McCaffery, manager of the 2003 CAB Partner of the Year, North Platte Feeders, certainly agrees. “We had fed 1,000 or 1,500 Coleman cattle for a couple of guys in the past, but last fall we expanded that to 12,000 head. We’re thinking this thing can take up about a third of our (43,000-head) yard.

“We sent some cattle down to B3R to help get it rolling,” McCaffery says. “The cattle are from several states, from Nebraska to Nevada. But we’re still in the exploring stage, seeing how pricing on their grid compares to other grids or carcass beef pricing.” Feeding experience suggests

efficiency “losses of 8 to 10 cents in cost of gain,” he says, “so we will also be looking at how that is recovered.”

Like Schilz, McCaffery looks forward to the Coleman plant phasing in CAB Natural production. Henderson says that should happen by early June.

For more information on any aspect of this supply chain, contact Odom at (940) 585-6328 or (940) 937-3668; or Jim Coakley, vice president of cattle operations, at (970) 466-7201 or (303) 468-2500.

