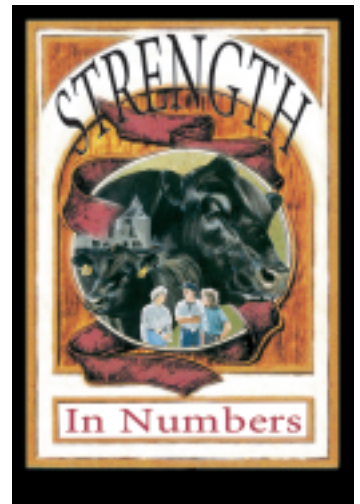


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ANGIE STUMP DENTON PHOTOS

# TARGETING WITH PRECISION

*Precision Beef Alliance is a people network focused on adding value to the bottom line of beef production.*

BY ANGIE STUMP DENTON

**F**or years it's been Christmas every day in U.S. packing plants. A producer-developed alliance based in southwest Iowa is trying to change that tradition by helping its members predict what's inside each genetic package they deliver to the packing plant.

"Every day we deliver packages to the packing plant that we have no idea what is

inside the package. Until we can figure out what is going to be in the packages before the animals are harvested, we're going to be an inefficient system," says Precision Beef Alliance (PBA) member Ray Daniels, Douglasville, Ga.

PBA's mission is to incorporate carcass data collection, management programs, production techniques and cutting-edge technology to aid producers in assessing the

relative value of their product and in improving efficiency to enhance their product. Richard Hall, PBA executive director, says the alliance helped market 13,000 head in 1998 and returned an additional \$1,085,000 to its members through different marketing options.

#### ■ In the beginning

The idea for PBA came from Hall's graduate research, which looked at how participants in southwest Iowa's steer futurity utilized the feedback they received from the feedout. He also compared length

**Above: Precision Beef Alliance helps its members find partners in the beef industry. The essence of the alliance is finding out what a herd's genetics can do and using that information as a merchandising tool to ensure each group of calves will be targeted to its best end.**



**Keeping records and using the information to make genetic and management decisions is what PBA encourages its members to do during visits such as this — around the producer's kitchen table. Here, PBA's Richard Hall (left) visits with John Van Vleet.**

of participation to the changes a producer had made in genetics and how much performance in the feedlot and on the rail had improved.

Hall found producers do use the data to make decisions to positively affect their operations. As a result, cow-calf producers and feedlot owners who were members of the Cass County and Iowa economic development councils began to envision a producer network that would enhance the communication between segments and help expand marketing options for members. After four years of planning and discussing, PBA became a reality in 1995.

The nonprofit group, governed by a 12-member board of directors, has now grown to 600 members from nine states. Members include seedstock producers, commercial cow-calf producers and feedlot managers. A majority of PBA's members live in Iowa, Kansas, Nebraska and Missouri. According to Hall, membership from the Southeast is increasing, particularly in Alabama and Georgia.

PBA is not just for large-scale operations. Hall says all sizes of operations can benefit from membership. Members can customize their membership to fit their needs, depending on the size of their operation and their management practices.

Cow-calf and seedstock member operations range in size from seven head to more than 1,200 head. Member feedlots range from a 50-head one-time capacity to 22,000-head lots. Hall says a majority have capacities of 1,000-5,000 head.

■ **Building partnerships**

Hall says PBA's founding members realized they didn't have expertise in all areas of beef cattle production. They wanted to develop relationships with all segments of the industry and foster information exchange among those groups.

"We didn't want to fail," Hall says. "When we started, there were close to 70 alliances. We wanted to be a successful one, and we thought that [success] would be dependent on our ability to develop relationships and partner with others."

By developing these relationships, the group wanted to add value to alliance members' cattle. They also wanted to determine what type of product the group could produce in a year-round supply system, rather than immediately starting their own branded beef program or starting a packing facility without the data to back the project.

Some of the end-product programs the PBA staff has worked with to help its members market their cattle are Angus GeneNet, Angus America and U.S. Premium Beef. PBA staff is also working to develop a relationship with the Certified Angus Beef (CAB) Program Supply Development Team.

The alliance also has developed partnerships with cow-calf producers and feedlots. "When building relationships, you have to match management systems," Hall explains. "So that each party involved is satisfied, it is important to match producers with similar levels of management."

John Van Vleet, a commercial Angus producer from Orient, Iowa, agrees. Before joining PBA he always sold his calves at the auction market. After he joined PBA, Hall sat down with Van Vleet and listened to how he managed his herd and what his goals were for the operation.

After that meeting, Hall introduced Van Vleet to Bill Pellett, a PBA member and feedlot owner from Atlantic, Iowa, who had a similar management philosophy. The partnership worked. This year Van Vleet



## Communication tools

Communication is a foundation of Precision Beef Alliance (PBA). One way the alliance keeps its members informed about upcoming events is through its bimonthly newsletter.

Another communication tool is the World Wide Web. The PBA staff has developed a Web site ([www.precisionbeef.com](http://www.precisionbeef.com)) to promote the alliance and its members. Features of the site include a news release page with upcoming events and news regarding the alliance, listings of members and information about the alliance and the PBA staff. Seedstock and feedlot members can list their respective operations on the site for \$50/year. Members can also have a link to an existing site for an additional \$25/year. The site also has a listing of cattle for sale. For an ad of up to 100 words, the cost is \$20 for two weeks and \$10 for an additional two weeks.

To recruit new members and to increase awareness of the program, the PBA staff has been hosting "kitchen table meetings" with the help of current members. Roger Pierce, registered Angus breeder and three-year PBA member, hosted one of the meetings and invited his commercial customers to learn more about the alliance and the services it offers.



sent his third set of calves to Pellett's lot.

Because of their relationship, the two have discussed Van Vleet's herd health program and have agreed on a program that will benefit both parties. They are also working to design a genetic package that will work in the pasture and in the feedlot.

#### ■ Data collection

Darrell Busby, southwest Iowa Extension livestock specialist, says the information database members are developing is an important part of PBA. Busby, who is an ex officio board member, says one of the challenges facing the alliance is to get the herd-specific data back to the producer. They will need to continually fine-tune that process.

"Producers need to gather information about the cattle they are producing; they need to be honest with themselves about the strengths and weaknesses of those cattle; and as long as they face reality and are honest with themselves, then people can help them make positive changes in their operations," Hall says. "If they are barn blind and fail to recognize they do have weaknesses, then it is pretty hard to help them."

Van Vleet, who started out keeping birth and weaning records in a cigar box 25 years ago, says, "Producers need to be willing to make a commitment from the day a calf is born to the day it is harvested."

Van Vleet continues to collect data and to keep his records using a No. 2 pencil and

notebook paper. He has the desire and love to sit down and do it, and he realizes the value of his efforts. "When I get older and want to sell my cows, they'll have a history," he says. "They won't be just a group of commercial cows."

Registered Angus breeder Roger Pierce, Hancock, Iowa, has been a member of PBA for three years. Pierce says he decided to join the alliance because it is important to know what you are selling your customer.

"There is too much inconsistency in cattle today," Pierce says. "I thought joining the alliance would be a good way to get information back on the cattle so we know what we are producing and selling to the consumer."

#### ■ Marketing options

How members market their cattle is their choice. Members are not committed to one branded beef program or marketing option when joining PBA.

PBA does offer a value-based grid. Hall says they stress to members the importance of knowing carcass quality before selling on a grid.

According to Hall, the alliance's expanded pricing system increases the number of cattle that can receive a premium. The group has made an agreement with its cooperating packing plants that when carcasses meet Prime or *Certified Angus Beef*<sup>™</sup> product standards they receive those premiums.

PBA cattle also receive a premium for

meeting the specifications of PBA's pilot branded beef program — Certified Uniform Beef — which was launched in 1997.

Certified Uniform Beef is a high-Select, low-Choice product. Specifications include:

1. Carcass weight: 600-900 pounds (lb.)
2. Backfat: 0.2-0.45 inches (in.)
3. Ribeye area: 11-14 square in.
4. Marbling: Slight<sup>50</sup> to Small<sup>100</sup>
5. Age: less than 18 months
6. No *Bos indicus* breeding
7. Fed vitamin E for 100 days
8. Carcass aged for 14 days

The product is available at three locations — CUB Foods, Easter Foods and Redwood Steak House.

"I really give the board credit," Busby says. "Over time they have really based their decisions on research, especially when they developed the specifications for the Certified Uniform Beef product."

During the pilot phase, the board is evaluating the response to the product and trying to determine if PBA members can supply enough cattle to meet the demand in a year-round marketing situation.

#### ■ Membership advantages

Ask any Precision Beef Alliance member, and they'll tell you PBA is built around partnerships. In many cases those relationships start around the kitchen table.

After a producer joins PBA and pays the life membership fee of \$600, an alliance representative visits the new member to learn about the producer's operation and goals.

"It takes a lot of time to understand where an operation is wanting to go," says Hall. "Our goal and mission is to help them achieve their operation goals; if we don't know them [the goals], we can give them advice that will take them in the wrong direction."

The initial membership fee gives members access to a wide spectrum of services and to field staff. Members can choose from calf-record processing, feedlot monitoring, carcass data collection, consulting and retail program enrollment. Some services do cost a nominal fee.

"It is strictly up to them to choose which services they want to utilize PBA for," Hall says.

PBA does not try to duplicate the services of programs a member may already use. For instance, if a member has the Angus Information Management Software



**PBA is not just focused on marketing feeder and finished cattle. The alliance also helps its members market or find replacement heifers.**

(AIMS) program and uses it to keep herd records, the PBA staff would not need to input records into PBA's system. If the producer desires, a PBA representative would help evaluate the data.

Another way the alliance is helping members is by grouping cattle. This is one option from which members with smaller operations can benefit. The alliance does offer services to nonmembers at a higher fee. Services include:

**Data collection and input**

“Members have to have the desire to use information and the desire to improve,” Hall says.

PBA staff can help producers begin the data-collection process at home. The first step is individual identification and recording birth data. For a nominal fee — 50¢/calf electronic transfer or \$1/calf paper transfer — PBA staff will input calf records collected on the ranch using CowCents recordkeeping program and will return that information to the producer.

Producers can also choose to have PBA staff collect data at the packing plant at a rate of \$6/carcass. To date PBA staff have collected data on approximately 30,000 carcasses.

**Feedback of information**

PBA has helped producers improve their ability to track a calf to harvest. For years producers have been able to request feedlot performance, but there was no way to connect that data to the birth and weaning weights producers were collecting on the farm. In many cases when cattle were shipped to a feedlot, a calf's farm identification (ID) tag was removed and replaced with a feedlot ID tag.

PBA requires its feedlots to maintain the identity of the calf — leaving in the ranch tags for cross-reference when tracking calves through the feeding and harvesting process.

Members requesting feedlot monitoring are charged \$60 per lot. With this service PBA provides inputting of the feed consumption and performance projections. They also review the results and make recommendations on ration changes.

**Summarize and analyze data**

“A lot of people have records, but they've never used them to make a decision,” says Busby. “The people who formed PBA believed you should take the information and use it to make knowledgeable management decisions.”



**In many cases the only information a producer gets from a feedlot is an ear tag if the calf dies or a check if the calf lives. PBA is helping its members get more than that. By tracking the cattle from birth to harvest, producers can design a marketing strategy that maximizes their bottom line.**

PBA helps its members take their data sets — birth, weaning, feedlot performance and carcass — and systematically analyze them. PBA can provide members an array of valuable reports and graphs to aid producers in making decisions regarding their herds. Through these analyses producers can see if they are on-target or if there are other management or marketing options that would increase their profits.

“PBA's job is to help members target which market option fits their genetics the best,” Hall adds. Using a computer program, they can show a producer what types of premiums or discounts they would have received if they had sold their cattle on different grids.

**Individual consultation**

Van Vleet says he appreciates the time PBA staff members take to listen to his needs and help him target ways to improve his management, genetic or marketing programs.

During on-farm consultations, PBA staff can help producers evaluate their data and talk about sire selection, marketing options or any other beef production problem they want to discuss.

“As membership in the alliance has increased, it has been important to hire quality people ... who will listen to members, evaluate their programs and help them work toward meeting their short- and long-term goals,” Hall says.

**Establish long-term goals with targets toward specific markets**

PBA staff can help producers establish goals and develop strategies to achieve those goals. As a producer collects data and determines how his genetics perform, PBA staff can help target niche markets.

**Future**

“The future of PBA is dependent upon producers' sharing their ideas and challenges with the alliance and then working cooperatively to develop positive solutions,” Hall says.

For more information about PBA, contact Richard Hall, 53020 Hitchcock Ave., Lewis, IA 51544; (712) 769-2640; fax: (712) 769-2610; e-mail: X1hall@exnet.iastate.edu; or check out their Web site, [www.precisionbeef.com](http://www.precisionbeef.com).

