



# QUALITY FIRST

## For National Beef and CAB

by Jeri Lynn Gilleland

**W**hen National Beef Packing Co. joined the Certified Angus Beef (CAB) program last fall, it was almost as if CAB had found its Rosetta stone. Within 60 days of National Beef's induction to the program CAB total volume had doubled. That doubling tripled by the end of the first six months. Over one million pounds of CAB beef was sold during March, setting an all-time record since the program was introduced in 1978.

Mick Colvin, CAB director, explains, "National Beef gave us the volume and depth to service large distributors and retailers as well as the opportunity to make commitments to high volume distributors and retailers." Since CAB's inception, Colvin has been laying the foundation for a national beef retailing program. It's been a tough task but the program is starting to reap the benefits of his and the CAB committee's efforts.

For National Beef, the nation's sixth largest beef packer and, as they call themselves, "smallest of the big packers," the CAB program just coincided with their philosophy.

John Jacobson Sr. heads the Liberal, Kan., firm with a philosophy rare to many in today's meat industry: Quality comes first. Quality minded customers have always been cultivated. Provisioners, restaurants, institutions and supermarkets looking for quality beef are National Beef's clientele.

Jacobson says, "We have never swerved from the top selection out of the feedlots. That has been our program since day 1. Whether the cattle are black or whether they are red or any kind of combination, we still have been concentrating on higher quality cattle. Our aim has always been and we continue to kill over 80 percent choice. That's our program."

### Quality top concern

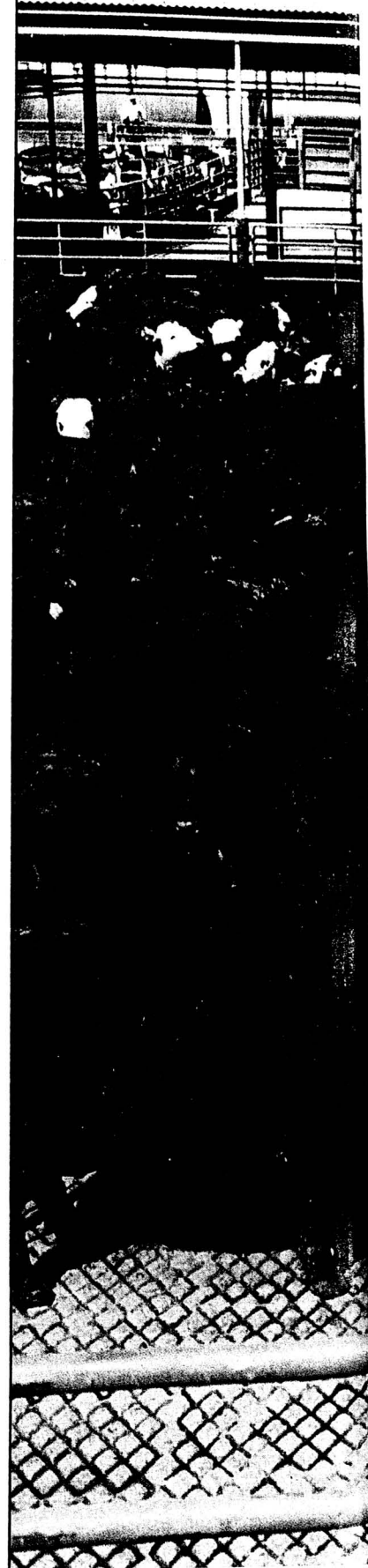
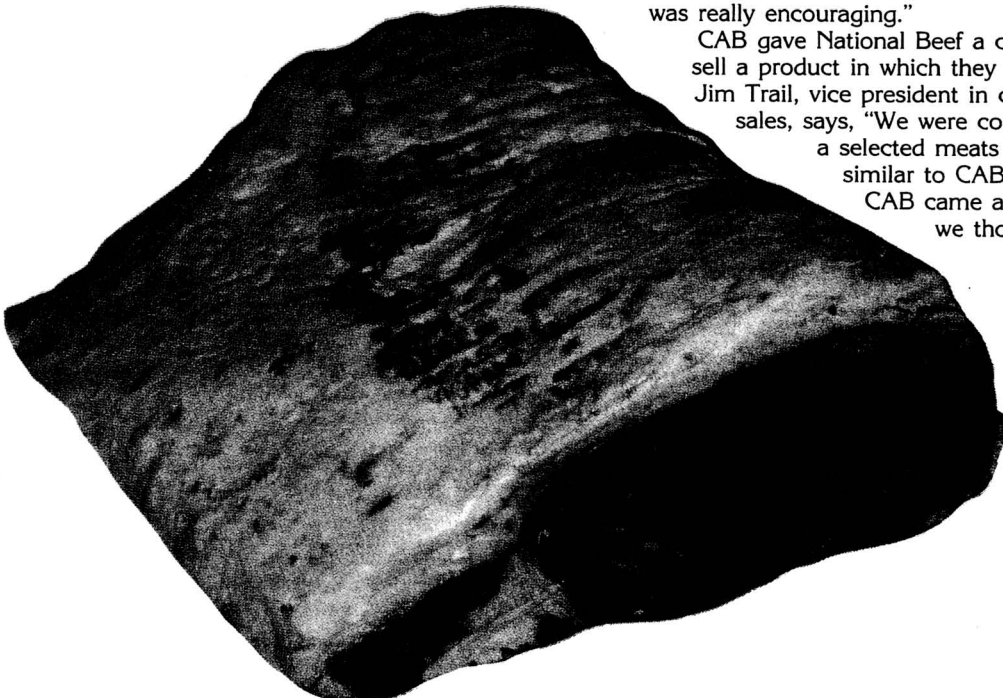
It was probably a mutual admiration that brought together CAB and National Beef. Colvin says, "We selected National Beef for their reputation in the food service industry. One of the things that impressed us about National Beef is that everyone there is quality conscious and quality oriented—both quality grade and quality control within the plant. Their interest in our breed of cattle was really encouraging."

CAB gave National Beef a chance to sell a product in which they believed.

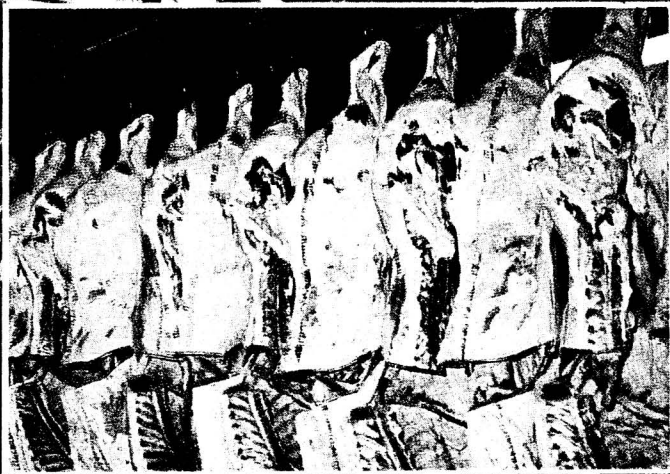
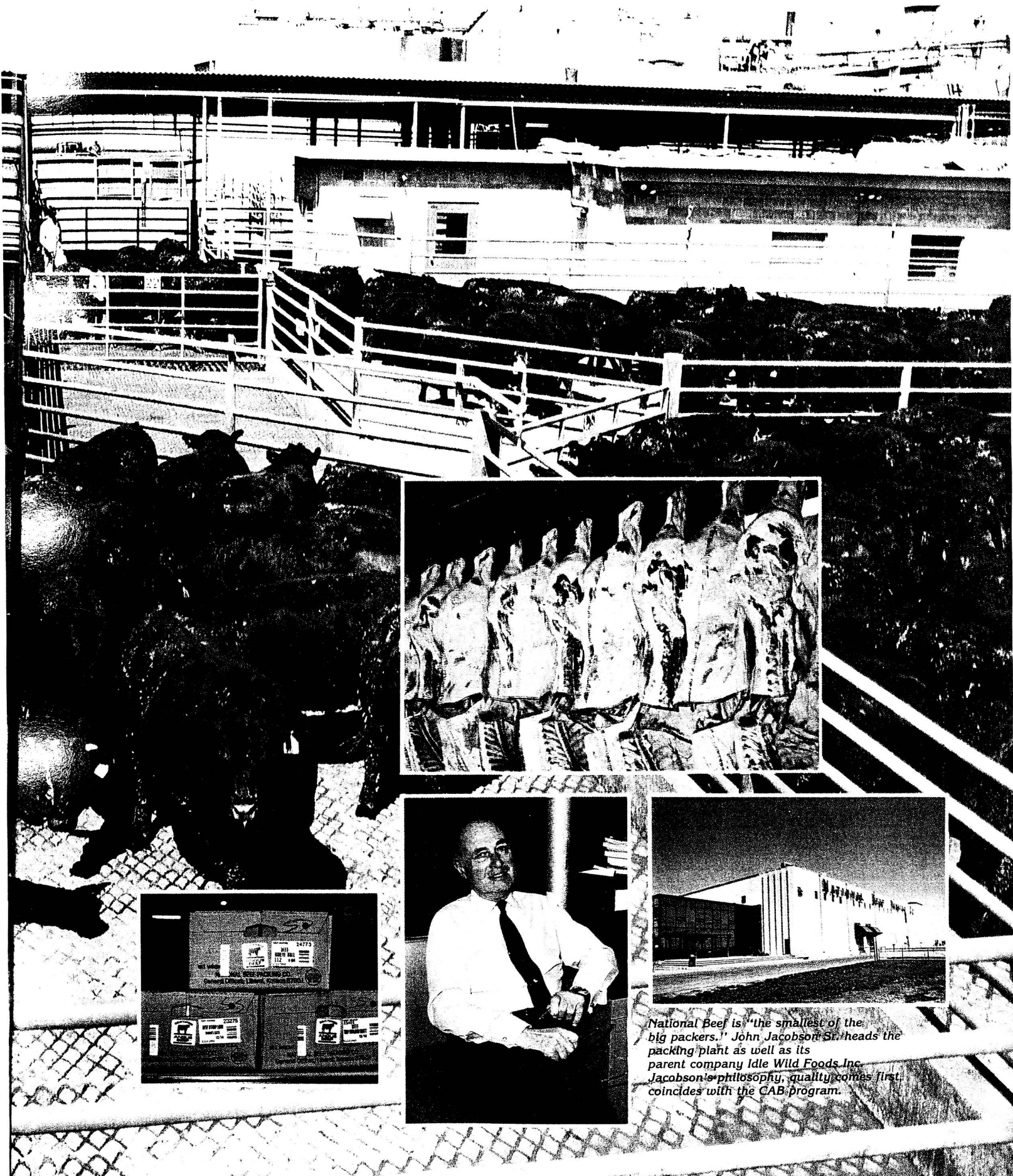
Jim Trail, vice president in charge of sales, says, "We were considering

a selected meats program similar to CAB anyway.

CAB came along and we thought the program would



Black hides have always been a favorite at National Beef Packing Co., Liberal, Kan. They are currently one of the five packing plants supplying CAB to distributors and retailers across the country. In addition to purchasing cattle from large feedlots, National Beef also slaughters from 125,000 to 135,000 animals a year from Supreme Feeders, Idle Wild's own feedlot near Liberal.

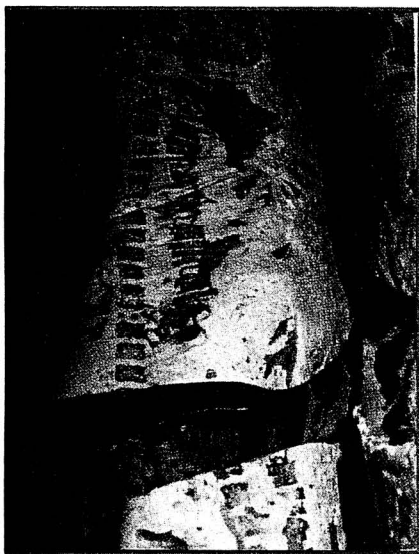


National Beef is "the smallest of the big packers." John Jacobson Sr. heads the packing plant as well as its parent company Idle Wild Foods Inc. Jacobson's philosophy, quality comes first, coincides with the CAB program.



*On the kill floor this National Beef worker, trained and certified by the American Angus Assn., identifies, records and stamps animals eligible to be considered for Angus beef certification. Animals must be predominantly black and of beef-type conformation with no hump on the neck.*

*After carcasses have chilled overnight a government grader stamps those meeting the high-quality specs for CAB.*



*The entire carcass is then rolled with the CAB logo.*



*Fabrication of all CAB beef is done separately from that of other carcasses in the plant. Cuts are vacuum-wrapped and placed in CAB-labelled boxes for shipment throughout the nation.*

have more credibility than our own 'selected' program. It lends considerable credibility when a disinterested party such as a government grader is involved." (CAB carcasses are evaluated and selected by government graders according to specifications set forth by the American Angus Assn.)

Jacobson commends Angus breeders on the CAB concept. He says the timing was perfect, referring to the lowering of USDA quality grade standards in 1976. "There are people out there who always want quality," Jacobson says. "Some retail stores have been just absolutely disgusted with the grading system. I don't blame them."

And top quality is what CAB is all about. To qualify for certification animals are first identified on the kill floor as being predominantly black and of beef-type conformation with no hump on their necks. Carcasses from these selected animals are stamped with the letter A and sent to the chill box to cool overnight.

Government graders then certify only those carcasses which have at least modest marbling (these would fall into at least the middle choice grade), are within the "A" maturity range (animals ranging in physiological age from 9 to 30 months), yield grade 3 or better for Choice and Prime, have lean within the "fine" texture range, have fine to medium marbling texture, color of lean is slightly dark red or lighter, and the meat is moderately firm with no indication of softness. Carcasses meeting these rigid qualifications are then rolled with the CAB logo. Carcasses not meeting CAB specs are removed from the rail and sold in the straight-run choice market. CAB carcasses are then fabricated separately from all others at National Beef. CAB logos appear on the outside of each vacuum-wrapped cut as well as on the boxes containing the finished products.

Like any new program, there were certain stages of indoctrination that had to be endured when National Beef started the CAB program. Jacobson admits, "It was not easy getting started. You have to make sure things are done right on the kill floor and after they are chilled you have to make sure adequate lighting and space is available for grader evaluation." But after eight months on the CAB program things seem to be flowing smoothly at National Beef.

In April National Beef certified over 7,000 head of cattle for the CAB program. This figure represents only about 25 percent of those identified on the kill floor as being eligible for the program.

Even prior to joining the CAB program National Beef slaughtered mostly English breed cattle, relying heavily upon black and black baldie animals not only to meet their choice quality grade demands but for consistency in cutability as well as hides and other by-products.



"We don't slaughter anything but corn fed feedlot cattle," says Jim Trail, National Beef's vice president in charge of sales. Most of the cattle come from a 150-mile radius of their southwest Kansas plant. "This part of the world is setting right in the middle of all the cattle," Trail adds. This is precisely the reason National Beef is located in Liberal.

#### National Beef locates near the cattle

In the '60s Jacobson saw the need to locate packing plants near the cattle. In 1969 National Beef moved from Kansas City to a newly built plant at Liberal.

Jacobson, chairman and chief executive officer of National Beef's parent company Idle Wild Foods Inc., grew up in the meat industry. In 1905 his father took over a slaughterhouse in Worcester, Mass. Father and five sons learned the business backward and forward with each son being responsible for a different phase of the business—finance, cold-storage, distribution, etc. In 1974 the various family businesses were merged into Idle Wild Foods, a public company where family still owns 80 percent of the stock. National Beef remains the company's largest unit.

In addition to National Beef other Idle Wild subsidiaries include National Carriers trucklines, Supreme Feeders custom feedlot, Idle Wild Farm prepared frozen foods, and Worcester Cold Storage public warehousing.

John Jacobson is the only brother still with the company although various other family members play major roles. John's son John Jr., executive vice president of Idle Wild Foods as well as National Beef, is president of National Carriers, which has grown from two trucks in 1970 to well over 500 trucks today. One nephew of Jacobson's is in charge of Idle Wild's eastern division headquartered at Worcester.

#### Not the biggest, just the best

National Beef has expanded its Liberal plant several times. But National Beef remains a one-plant operation. From the outset Jacobson never wanted to be the biggest, only the best.

Trail points out some one-plant advantages, "All the people that operate this plant live and work right here as opposed to a multiplant operation that would be operated out of a central management office. We operate with the idea that we should be close to our business. We can react quicker on market conditions and this sort of thing because all of our people are right on the scene and should have some grasp of what's going on."

There is a camaraderie among key plant personnel that comes not only from working closely together each day but from enjoying their work. Jacobson plays this to the hilt. A small kitchen and dining area adja-

## Sell One-Million Pounds of Certified Angus Beef, Set One-Month Record

**S**ales of Certified Angus Beef set an all-time record in March, topping the one-million pounds mark for the first month since the program was introduced in 1978, reports Dick Spader, executive vice president of the American Angus Assn.

The 1.06-million pounds of Certified Angus Beef (CAB) marketed in March accounted for gross sales of \$2.75 million dollars. For the month some 9,273 carcasses were certified at the five participating packing plants in Kansas, Pennsylvania, Missouri and Minnesota, according to figures reported by Mick Colvin, director of the CAB program for the American Angus Assn.

"Certified Angus Beef is the fastest growing program in the American Angus Assn.," said Dick Spader. "Angus beef is being served in over 50 high-quality restaurants throughout the United States and in many parts of the world such as Japan, Hong Kong, Singapore and the Bahamas. In addition there is a growing list of some 100 supermarkets and quality meat shops that handle CAB."

One of the largest single outlets for CAB is the 48-store chain of Gristede's

markets in New York, said Colvin. They just recently began selling CAB and scheduled a special CAB introduction celebration for late May. Other grocery store chains selling CAB are the 14 Gerlands stores in Houston, Texas; Shop N' Bag in Philadelphia; Huff's Food Town stores in Nashville; and Food Town stores in New Jersey. In addition, Oxford Trading Co. supplies a group of independent supermarkets in the Boston, Mass. area, and there are individual stores and high-quality specialty meat stores scattered throughout the country.

The largest single producer of Certified Angus Beef in the nation is National Beef Packing Co., Liberal, Kan. In March the packing plant that has long been a major outlet for high-quality beef certified 6,465 head of cattle for the CAB program.

"Most retail outlets who serve Certified Angus Beef sign a contract with the American Angus Assn. and promote CAB to their customers," Colvin said. "However, some of the top restaurants in the world are currently using CAB just to provide their customers with a very high-quality, consistent product," Colvin emphasized.

cent to his office allow top staffers to set down to lunch together, family style.

National Beef employs 1,700 workers in two shifts. Trail says, "It's not just the key personnel that have a direct line to Mr. Jacobson, his office is always open to any employee."

#### Meeting CAB demands

National Beef now slaughters approximately 3,500 head of fat cattle a day and has the capacity to go up to 4,000 head. Approximately 15 to 20 percent of the day's total slaughter is certified under the CAB program.

Most of the meat is shipped to the East. The bulk of it goes to supermarket chain-store warehouses. Their biggest single customer is army commissaries. Their biggest CAB customer is Gristedes, a fashionable 48-store chain of retail meat markets in New York City. CAB from National Beef also goes to some 18 food service distributors throughout the United States as well as one retail distributor.

Loins and ribs are in the most demand for the CAB program. For every primal cut

National Beef sells, 3 cents per pound is channelled back into CAB funds for product promotion. One cent a pound for chucks and rounds goes to CAB as does 2 cents a pound on cattle pack (complete carcasses sold as boxed beef).

Both National Beef and CAB personnel are working hard to create sales for more of the carcass than just the ribs and loins. Jacobson says, "This would give more value to those carcasses. Fortunately, we are developing some good large accounts not just for loins and ribs but we also have retailers who will buy the whole beef." He continues, "Feedlot operators need an incentive to feed those cattle longer. As long as we at National demand the higher quality cattle there will be feedlots that won't take them away before they're ready."

And as long as there are packers like National Beef demanding high-quality beef from the feedlots there will be feedlots demanding those type of cattle from commercial cattlemen . . . and when the last domino falls there will be an increase in demand for Angus bulls. That's what the Certified Angus Beef program is all about!

**AJ**



# Identifying Quality, Increasing Demand



**E**ffective beef merchandising and production of the best possible product are the keys to expanding beef cattle production, most marketing experts contend. The American Angus Assn. agrees, and is staking a big share of its future on plans to make Certified Angus Beef the best-known and most-used brand of fresh beef in the world.

Certified Angus Beef is the fastest growing program in the American Angus Assn., according to Dick Spader, executive vice-president. "Angus beef is now served in more than 50 high-quality restaurants in the United States and such exotic places as Singapore, Hong Kong and Japan."

"The CAB program is a unique marketing scheme with a great future," says Tim Hussman, assistant director of the program. "It is the first attempt by any purebred cattle organization to identify, promote and market its own trade marked product."

In effect the program removes the high-quality Angus beef cattle from the great non-descript pool of fed beef available to the market, and identifies it as a special beef product. Some have termed the CAB program the most innovative idea in the meat industry since boxed beef.

The program is still in the market development state. There is currently in place a packer, fabricator and distributor network that makes CAB available to consumers in many parts of the country. Growth in recent months has been outstanding. In March 1984 one million pounds of CAB was

sold for the first time ever, despite the fact that the spring months are traditionally low sales months for beef. The figure remained near the million-pound mark in April and May and is expected to climb rapidly as the summer barbecue and vacation season approaches.

The CAB product commands a good premium over USDA Choice beef at the wholesale and retail level. It is served in some of

the finest hotels and restaurants in the United States, and places like the Shangri La Hotel in Singapore, thought by many travelers to be the best hotel in the world.

At the present time, however, Angus finished cattle are not bringing a premium price on the hoof. They are bringing top prices, though, from packers who are producing Certified Angus Beef. The main advantage of the program so far has been to create a slightly increased demand for Angus cattle and to remind feedlot operators in the area where CAB is produced that the right kind of finished Angus bring top market prices. In addition CAB, wherever it has been sold, has helped educate consumers on the merits of quality beef.

Plans are in the works for a Phase II program to link the commercial cow-calf producer and the registered Angus breeder into the CAB production chain. In March a meeting was held in St. Joseph to study the prospects of initiating Phase II. In addition to the CAB committee members and Association staff, the meeting was attended by invited guests John Jacobson Jr., president of National Beef Packing Co., Liberal, Kan.; Lee Bowen, Panhandle Feed Yard, Turpin, Okla.; Martin Jorgensen Jr., Ideal, S.D.; Dr. Robert Van Stavern, Ohio State University, Columbus; J. David Nichols, Bridgwater, Iowa; and Dr. R.J. Hillier, Master Feeders II, Garden City, Kan.

The special study committee was enthusiastic about the progress of the Certified Angus Beef program, and excited about the prospects of linking it with the commercial and registered Angus producer.

Details of the CAB program have not yet been worked out, but in all probability it will involve tagging at the farm or ranch (with a special ear tag) those cattle that are eligible to go into the CAB program. Top-quality feeder cattle that carry the CAB tag should have added value to many feedlot operators. Moreover, registered Angus breeders would have an additional merchandising tool for their bulls. It might also be possible to supply carcass information to the breeders of cattle that qualify for the CAB program.

From an insignificant start the program has grown into a major business, with no end yet in sight. The CAB program promises to increase demand for Angus and predominantly-Angus cattle in the future, and supply delicious, nutritious, high-quality beef to American and even world beef consumers. **AJ**

**"The concept (CAB) is tremendous . . . the people who have been responsible for it . . . I take my hat off to you. . . There are people out there who always want quality . . . there are enough people who can absorb what you (the American Angus Assn.) can present to us and what we can present to the public."**

*—John Jacobson, National Beef Packing Co.*

**"This is the first time in the history of an association—of any association—that anyone has attempted to go further than the cow-calf business in keeping track of the end product. You're going out and promoting your end product. The other associations have not even thought about it."**

*—John Jacobson, National Beef Packing Co.*

**"One main objective of Phase II, through production efficiency, should be to help everyone make a profit through the chain of production."**

*—Lee Bowen, Panhandle Feed Yard*

**"With an integrated program (CAB) where you are actually rewarding people for production efficiency, those breed associations and breeders who have something like that are going to be sitting in a strong position in the future."**

*—Dave Nichols, Nichols Farms*