



IBP-CAB Program Alliance Adds Value to Your Product

Skeptics said it wouldn't work. Allies warned of potential challenges. Most thought company philosophies wouldn't mix.

However, skeptics have been proven wrong. Challenges have been addressed with success. And, both organizations are blending philosophies to form a synergistic alliance.

The unprecedented partnership is that of the Certified Angus Beef (CAB) Program and IBP Inc., the world's largest beef processor.

Just over two years ago, IBP was licensed to process and fabricate Certified Angus Beef™ product. IBP is headquartered in Dakota City, Neb., and currently maintains 11 beef plants in eight states. Of these plants, nine are involved in the CAB Program, including: Dakota City, Neb.; Denison, Iowa; Emporia, Kan.; Finney County, Holcomb, Kan.; Joslin, Geneseo, Ill.; Lexington, Neb.; Laverne, Minn.; West Point, Neb.; and Amarillo, Texas. The Pasco, Wash., plant is scheduled to be licensed within the next few months.

Back in 1961, IBP founders envisioned a new approach to the mechanics and economics of producing fresh red meat. They wanted to revolutionize the industry by putting plants next to large livestock producing areas; building single-story plants with a continuous flow, automated operation; and recruiting veteran meat industry managers. Although IBP is perceived as a pioneer, it is actually the company's cautious, confident business approach that has allowed it to gain extraordinary success.

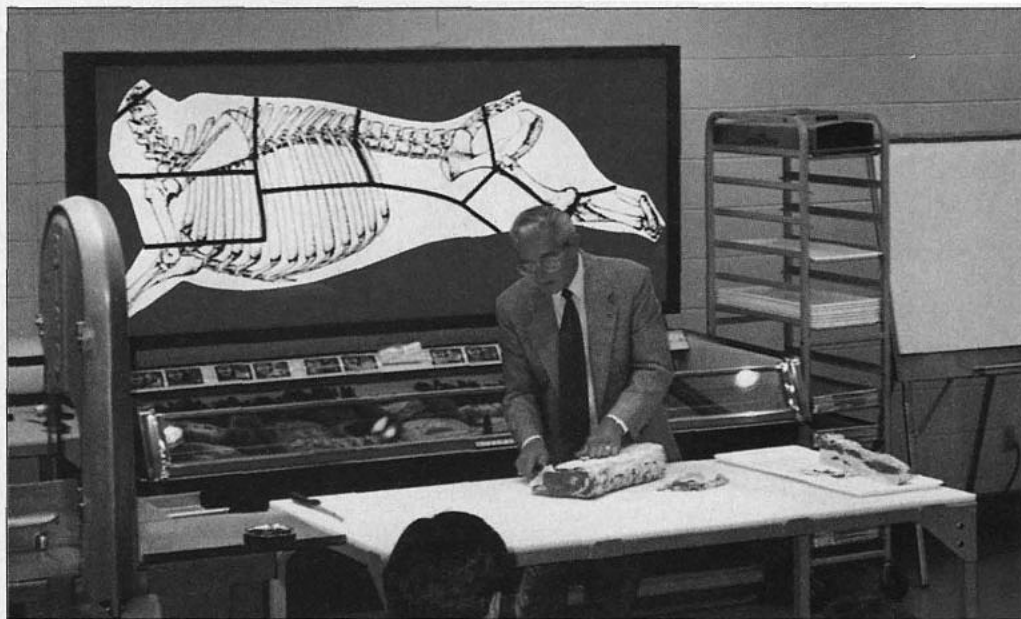
While IBP addressed its rela-

tionship with the CAB Program in this manner, once it came on board, the organization moved full speed ahead to add value to an already value-added product. This initiative has been a driving force be-

son for developing new product categories is customer demand. "We constantly review the product line and seek guidance from the end-user," says Lloyd Palmer, IBP assistant vice president of field sales.

and package labelling," adds Leopold.

The entire IBP team has been instrumental in the CAB Program alliance. "IBP is a team of dedicated people committed to making programs



Lou Havrilla, IBP vice president of customer education, conducts a seminar for CAB Program food service sales representatives.

hind the success of the IBP and CAB Program relationship.

"IBP is adding value to the CAB Program by offering a wide range of products for our customers," says Jerry Holbrook, IBP sales manager for boxed beef. In just two years, IBP has introduced Certified Angus Beef ground chuck, ground sirloin and ground round. It also has provided its customers with a full line of Certified Angus Beef quarter-inch trimmed product. In an effort to utilize the entire carcass, IBP has produced Certified Angus Beef stew meat and is investigating additional, further processed items.

It's no surprise that IBP's re-

Julian Leopold, IBP assistant vice president of boxed beef sales and pricing, adds, "We definitely need this niche market as a valuable profit builder." Other benefits IBP executives point out include gross margin enhancement, improved production mixes, sophisticated competitiveness and image reinforcement.

What's next? Jerry Holbrook reports, "We plan to continue to explore further processed items to utilize a greater percentage of the carcass." Strengthened customer/packer partnerships are also on the drawing board.

"I believe we will see customer-specific programs, value managed relationships with key accounts, private labelling

work, both for the end-user and IBP," says Palmer.

Holbrook says the corporate meat management center has assisted with customer education and promotion. In addition, field staff have demonstrated cutting tests and conducted personal follow-up. And, most importantly, the sales staff located across the globe have aggressively sold the product.

This past April, IBP took the education process one step further by hosting the CAB Program's annual food service sales seminar. More than 120 food sales representatives were given an in-depth tour of the Certified Angus Beef product identification, certification and processing procedures. Lou

STORY BY JENNY STICKLEY, CAB PROGRAM

Havrilla, IBP assistant vice president of customer education, and Kevin Munn, IBP manager of carcass sales, also presented a seminar focusing on USDA grading specifications and quarter-inch trimmed programs.

Many of the attendees rated IBP's involvement as the most valuable part of the entire program. Specifically, they commented that by learning about this segment of the industry, they could better represent the unique attributes of Certified Angus Beef product to chefs and food and beverage directors.

Although IBP and the CAB Program have established an extraordinary relationship, growth challenges do exist. Holbrook identifies a future challenge: "We feel the customer base is too limited and would like to penetrate new areas to increase our sales volume."

While the CAB Program is ex-

panding its distribution avenues, it has continued to maintain a basic philosophy of working with distributors which can provide the level of service it feels a value-added product requires. Upholding this business strategy and providing opportu-

nities for all licensed CAB Program packing companies is carefully analyzed.

Holbrook also acknowledges that long-term supply of cattle meeting CAB Program specifications is a serious concern. "We are creating a greater de-

mand for qualifying cattle," he says. However, with a Program-wide acceptance rate of only 18 percent, supply will be limited as IBP demand becomes more intense.

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◇ P O S T C A R D ◇

Baker's — This 10-store chain based in Omaha, Neb., introduced Certified Angus Beef product to consumers in August 1993. Introductory promotions included a media day event featuring Jim Baldridge, a Nebraska Angus breeder, and Mick Colvin, CAB Program executive director.

J.M. Bauersfelds — This licensed retail chain located in Topeka, Kan., joined the CAB Program in April 1994.

Black-Eyed Pea Restaurant — A chain of six franchised restaurants, headquartered in the Kansas City area, has been licensed to promote Certified Angus Beef product since March 1994.

IBP, Dakota City, Neb. — The first licensed packer to introduce Certified Angus Beef ground chuck, round and sirloin to retailers in 1993 and 1994.



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