So far ...

After three years, Feedlot-Licensing Program data reveals challenges to be overcome.

Commentary by **Turk Stovall**

The beef industry changed immensely from the mid-'70s to the mid-'90s with the use of expected progeny differences (EPDs), the rise of the *Certified Angus Beef ®* (CAB®) brand and the onset of value-based marketing. The industry had become information-driven, but a brick wall still separated segments when it came to information flow.

Confusion reigned in the late 1990s. Producers didn't see a clear way to "get involved" in the American Angus Association's own brand, CAB, and Angus brands based on lower quality specifications were popping up like mushrooms. The scene was about to change. After a decade of rapid growth, the CAB Program had licensed most entities within the packing segment, but it was Angus producers who would hold the key to the brand's future and its role in adding value to their cattle.

Certified Angus Beef LLC (CAB) aimed to create a focal point for producer involvement, as growing premiums added motivation. Given structure, the dollar incentives would drive genetics and management of higher-quality Angus cattle to increase supplies for the brand. The feedlot segment was relatively small, but played a big role in determining the final outcome of cattle at harvest.

Cooperating to Get Information

Creating the FLP

So it was that CAB created the Feeder-Packer Relations Division in early 1999, pursuing its mission primarily through the Feedlot-Licensing Program (FLP). The focus would be linking quality-minded feeders with high-quality cattle to foster management strategies that increase CAB acceptance.

Working with fewer than 20 licensed feedlots, the FLP enrolled (identified) 22,092 head of Angus-type cattle during 1999. It was soon apparent that the industry wasn't ready for mainstream carcass-data information flow.

The FLP received data on only 45% of the total number of head harvested that first year. Of the 7,541 cattle actually harvested in 1999, the FLP was only notified as to scheduled harvest 67% of the time. Worse yet, the FLP was only able to capture data on 67% of the cattle when it was notified.

Like any new program in this multi-billion-dollar industry, the FLP needed time to

Fig. 1: Monthly and cumulative enrollment of cattle in the FLP
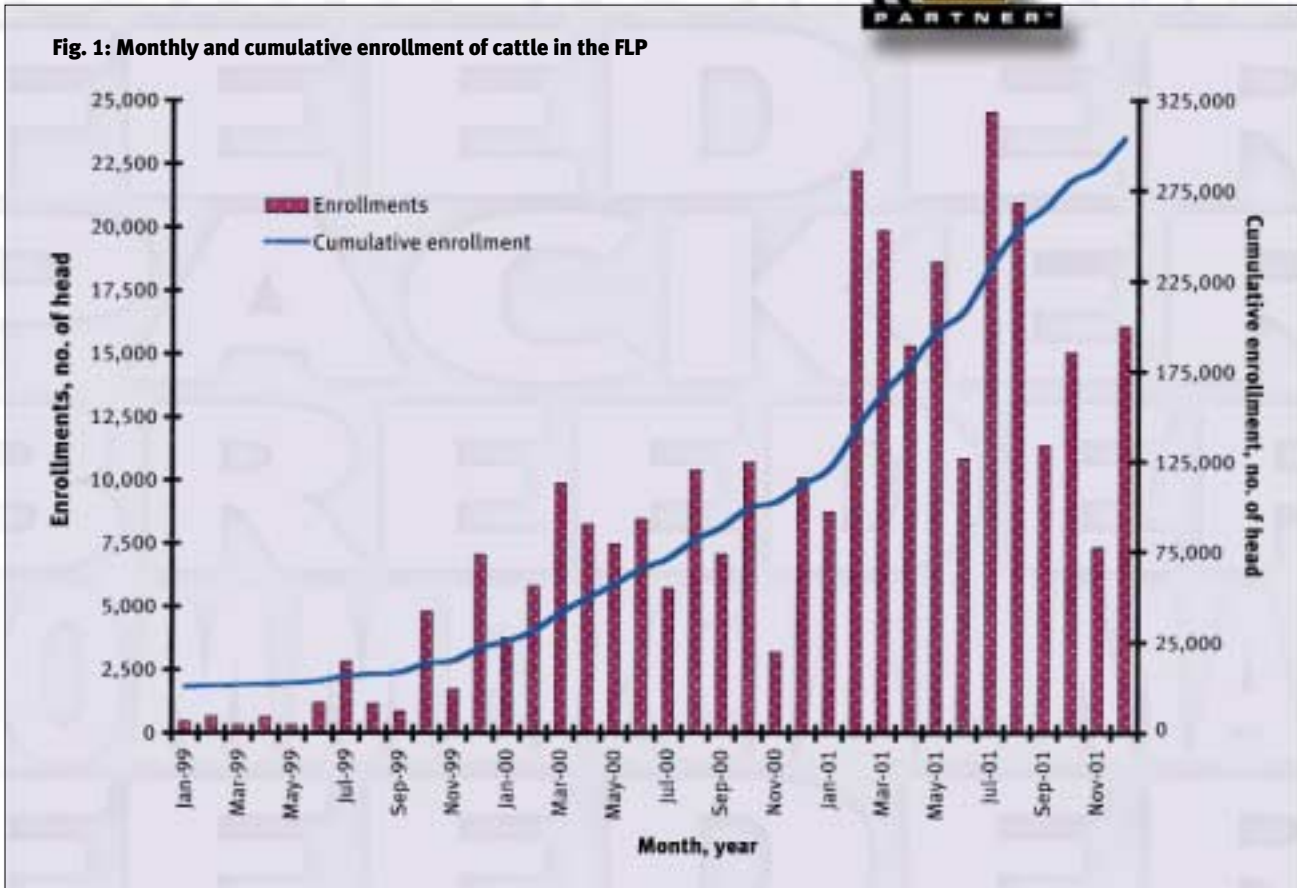
become established and to settle on a universal data system. Starting out working only with individual "tag-transfer" data, the program had trouble building significant numbers for a database. At the time, there weren't many cattle owners who wanted that level of data, and there were still some roadblocks to capturing data. As a solution, the FLP started looking at "group" data on both sort-group and pen bases.

Working together

That gave the program momentum, increasing enrollments to 91,910 head in 2000, with the number of licensed feedlots more than doubling. FLP communication lines became established within the industry sectors, from the scale houses of the packing plants and feedlots to the managers' offices. Of the 71,840 Angus-influence cattle harvested in 2000, the FLP was notified 84% of the time and was able to capture data on 86% of the cattle when it was informed.

Over the past several years the beef industry has spawned many organizations, alliances, and co-ops that retrieve carcass data for their producer customers. Rather than duplicate services, the FLP resolved to work with other programs, allowing dual enrollment with CAB. That helped to boost participation again as 2001 FLP enrollments more than doubled to 190,285 head in 70 licensed feedlots.

Since the FLP changed its fee structure in early 2002, eliminating fees for group data, enrollments have skyrocketed. Witness the April enrollment record of more than 30,000 head from an organization that now has 79 licensed feedlots in 17 states.

The database already contains more than 200,000 data points, gathered from all over the country and across different companies. Standardization, so we can compare apples to apples, is an ongoing challenge. A bigger challenge in analyzing FLP performance is the constantly changing nature of the rapidly growing volume of Angus-type cattle enrolled.

The next step

One of the top FLP priorities is to identify management practices that increase CAB acceptance rates while maximizing profit potential for producers. A related goal is to monitor FLP progress in identifying Angus cattle and in improving their carcass performance.

Annual data since 1999 shows that it won't be easy to chart FLP progress by means of standard industry data comparisons (see Table 1). Most of the growing enrollments of Angus cattle are still of unknown genetic background, and the growth in volume has limited growth in overall quality improvement. Keep in mind that it takes two years from breeding decision to carcass grading, so if producers began to act after just two years of FLP data, the resulting cattle would not yet be on feed. This is clearly a long-term project.

FLP cattle have run 4%-8% above industry averages in those grading USDA Choice and higher and, not surprisingly for a population of unknown Angus cattle, slightly less desirable in terms of percentage Yield Grade (YG) 4s and 5s. However, while the overall industry moved 2% in the wrong direction, FLP cattle moved nearly 2% in the right direction — away from those YG 4s and 5s. You can't see a linear improvement in FLP CAB acceptance rates, but these do run a few percentage points above the plant averages where they are harvested.

The most you could say from the preliminary peek at a long-term data project is that the program is growing within the industry and identifying more CAB-eligible cattle. For real examples of how the FLP is working, refer to the many success stories (such as those profiled in the "Aim High" series published in the *Angus Journal,* see Table 2) that show what's possible with known genetics.

As the breed characteristics of enrolled cattle stabilize, the FLP is evolving into one of the best data management systems in the industry. Of the 162,438 head harvested in 2001, the FLP data team captured the requested information on 95% of the cattle when notified of the harvest. That yielded some 140,000 carcass records, entered and processed with an average on-goal turnaround time of seven days in the FLP office.

CAB feedlot partners have bettered their communication lines in 2002, notifying the FLP

Table 1: Feedlot-Licensing Program (FLP) Annual Data

	1999	2000	2001	2002*
Total FLP enrolled	22,092	91,910	190,285	75,601
Steers	13,884	48,052	98,319	45,506
Heifers	5,696	34,447	78,575	22,460
Mixed	2,512	9,411	13,391	7,635
Total lots	249	848	1,404	672
% CAB eligible	88.5%	80.5%	72.7%	81.6%
Carcass data collected:				
Head harvested**	7,541	71,840	162,438	29,379
Data capture efficiency:				
FLP	67%	86%	95%	98%
Feedlot	67%	84%	87%	96%
USDA grades:				
Choice & higher	63.4%	64.9%	58.8%	61.9%
CAB acceptance rate	18.54%	20.84%	18.64%	18.87%
YG 4s and 5s	6.9%	5.5%	4.9%	5.5%

*First four months
**Many cattle enrolled in one year are harvested the next year.

Table 2: Articles in "Aim High" series

Article title	Issue	Start page
Aiming for Perfection	Feb. 2001	111
Moore Cattle Get Better Over Time	March 2001	112
The Road to Quality	May 2001	75
Herd Masters	June 2001	60
What's Possible	Aug. 2001	99
One Chapter at a Time	Oct. 2001	141
Means Quality	Dec. 2001	115
Excelling in the Black	Feb. 2002	157
Investing in the Future	March 2002	204
Built on a Solid Foundation	April 2002	146

data team of harvest schedules 96% of the time, and the FLP team has improved to a 98% success rate in its ability to capture data when notified of harvest times. That's a huge improvement from the 1999 start, and it's due to the many great relationships that have been built between the plants, feedlots and the FLP data team.

A promising future

The program keeps growing and adapting to an ever-changing industry in its effort to support the evolving data needs of Angus producers. Enrollments are projected to exceed 225,000 head for calendar year 2002. By 2004, the FLP should encompass more than 100 licensed feedlots, enrolling more than 500,000 cattle per year.

As the database grows and cattle types are better documented, the FLP will make inroads in management strategies to ensure that Angus cattle have every chance to meet their genetic potential, while CAB partners benchmark their progress in managing cattle to a quality end point.

It's clear that many factors affect CAB acceptance rates — genetics, management and economics, to list three big ones — and the task of discovering interrelationships among these factors is endless. Still, by continually gathering data and working with allied industry and academia, the FLP can begin to mine the answers from its growing database. The good news is this network can help individual Angus producers solve information-based challenges right now. **AJ**