

Quality Beef Partnership



Indiana cattlemen cooperate to improve their bottom lines.

Story & photos by Julie Grimes Albertson

You won't see a lot of corn and soybeans in this part of the Corn Belt. This is cow country — Indiana style. Lush and green, the rolling hills sit upon a limestone base. It's home to the Quality Beef Partnership (QBP), an alliance in Indiana's south central Washington County. The QBP encourages cattlemen to work together to gather and use information that improves quality and profitability on their farms.

Purdue University Extension educator

Byron Fagg brought his idea to a group of 16 local producers in August 2000, creating QBP, which remains unique in Indiana.

"We thought we'd have 500 head of brood cows in the alliance the first year, and we ended up with close to

2,000," says group president Brian Rosenbaum. "Now we're at 3,000 head with 26 members."

Some members had experience feeding at Gregory Feedlots Inc., a Certified Angus Beef LLC (CAB) licensed

partner near Tabor, Iowa. That relationship has expanded to include more QBP cattle — 1,324 head last winter. Fagg developed a close business relationship with Gregory Feedlots' Operations Manager David Trowbridge, and that helps the flow of information (see sidebar).

However, Fagg says producers such as Rosenbaum and QBP treasurer Randy Roberts deserve much of the credit for the successful startup. They pooled their knowledge and experience to come up with a set of goals for the participants, Fagg says. QBP members are striving to develop a uniform set of Angus-influenced animals that will produce carcasses weighing 750-800 pounds (lb.) that will grade at least low-Choice.

"Our ideal animal is a three-quarter Angus, one-quarter Simmental," Fagg says. "We are trying to improve the carcass quality and the uniformity [in] each herd and in the alliance overall."

"We are certainly shooting for that *Certified Angus Beef*® (CAB®) premium," Rosenbaum says. As a group, anywhere from 15% to 30% of their cattle have qualified for CAB. Fagg says the percentage is increasing as more emphasis is being placed on carcass quality.

*Cooperating
to Get Information*

► **Above:** Byron Fagg (left) brought his idea to a group of 16 producers in August 2000, creating the Quality Beef Partnership. "We thought we'd have 500 head of brood cows in the alliance the first year, and we ended up with close to 2,000," says group president Brian Rosenbaum (right).

Nuts and bolts of cooperation

One of the first orders of business was to use the buying power of the alliance to purchase inputs. "There really is a savings when you buy in volume," Fagg says. "The first year I tried to do a majority of the shopping myself." Now, most of that is done by the QBP purchasing committees.

"Members talk to mineral suppliers, animal health company representatives, fly- and ear-tag suppliers, whatever is needed," Fagg says. The committee gathers information and makes recommendations to alliance members, who then vote on which products to use.

"There's nothing that says individual members have to participate in the purchasing. If they can get a better deal or prefer a different product then that's fine," Roberts says.

QBP recently negotiated for insurance on herd bulls, at each member's option, of course. The premium is 3% of value for full mortality, with an additional 2% for fertility. Participating members all pay into a deductible pool, so whenever the first bull problem occurs, all share the risk rather than having it fall on any one member. QBP has 30 bulls insured this year with \$80,000 coverage.

Flexibility to choose and customize QBP segments is one of the most important aspects, organizers say.

"At first a lot of the guys with small herds said 'we can't get into this. We only have 8, 20 or 25 head of cows,'" Roberts says. "Really, this benefits them more than it does us larger breeders. If they went out to buy 25 or 50 fly tags they would have to pay full price; the same goes for all the inputs."

According to Fagg's calculations, a member with 100 head will enjoy a \$500 to \$700 savings annually from



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group buying, even if he doesn't use the group marketing aspect. That more than covers the \$200 one-time membership fee and annual fee of 50¢ per brood cow to join the alliance.

"However, something I stress with the group is that this alliance was not designed to meet everyone's needs and it never will be," he says. "If you are someone who prefers to do things by yourself, just exactly how you want them done, then this is probably not the kind of thing for you to get into."

Cooperative shipping, genetics

Most of the cattle in this region are either finished and sold at local auction barns or are sent to feedlots west of the Mississippi where feed costs are lower and packers are nearby. Roberts had already been shipping cattle to Gregory's, but it's even less of a challenge to fill the semitrailers these days.

"Putting together loads of cattle is easier, especially for smaller breeders who didn't always have enough to fill out a semi-load," Roberts says.

Linking to high-quality Angus genetics, QBP members not only sell progeny of registered bulls, but many also buy bred heifers to improve their herds. Roberts has purchased two groups of 50

bred Angus heifers from Anderson Circle Farm, Harrodsburg, Ky. Genetics from Nichols Farms, Bridgewater, Iowa, also play a critical role for this alliance.

"I went to Nichols Farm, North Carolina Division, and bought 17 bulls two years ago," Fagg says, "not picking specific bulls for specific people, but instead selecting bulls that met my criteria from the standpoint of

conformation, performance and disposition. They turned out to be exceptional bulls that satisfied everyone." The alliance is currently using 40 bulls purchased at Nichols Farms and 22 bought at the Indiana Bull Test Station Sale.

Ross Havens, marketing coordinator at Nichols Farms, works to help the QBP alliance accomplish its goals. "We have provided the

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► Byron Fagg (right) credits producers such as Brian Rosenbaum and QBP treasurer Randy Roberts (left) for the program's successful startup. They pooled their knowledge and experience to come up with a set of goals for the participants, he says.

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alliance with both bulls and bred heifers to help them get the same genetic source while benefiting from volume discounts,” he says. Cattle carrying Nichols genetics are also eligible for marketing programs offered by the Iowa farm and its subsidiaries, such as selling through a Nichols feeder calf sale.

Try this at home

For those interested in starting their own version of a QBP, Fagg offers some advice:

1. Identify your goals at the outset and be faithful to them.
2. Have a degree of flexibility built into the program that allows members to grow at their own pace. Don't try to force people to do everything a certain way.
3. Don't let size be an obstacle. “When we started we had one member with eight cows and another with 400. The little guy benefited far more than the big one because he would never get those kind of discounts on his own.”

4. Have a good working knowledge of cattle and be innovative enough to do research and determine what aspects of the alliance program you can adopt to improve your bottom line.

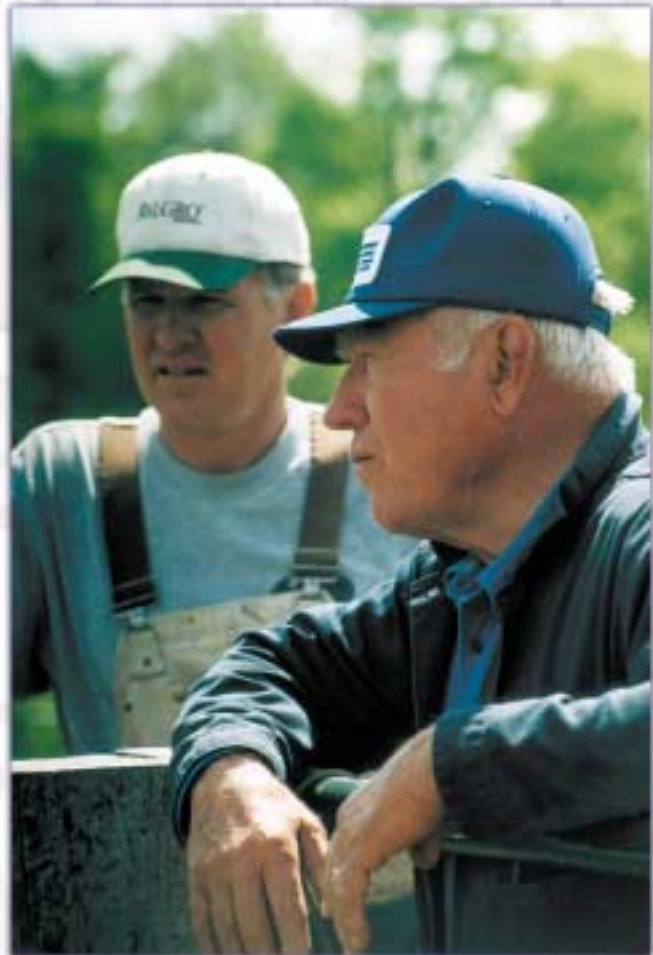
The greatest strength of the QBP alliance isn't something that comes across on a spreadsheet, and it's not easily duplicated. These cattlemen genuinely like each other.

“We've got a good group where everybody gets along,” Roberts says. “When someone doesn't like something, they say so.”

Members respect and appreciate what Fagg has done to coordinate the group.

“We couldn't ask for a better leader than Byron,” Roberts says. “He loves this. You can tell by the amount of work he puts into it.”

Fagg would never deny that. “This project has been the most exciting thing I've been involved in for the 27 years I've been an Extension educator,” he says. “It's been rewarding to see the changes and benefits from this program.”



► Members talk to mineral suppliers, animal health company representatives, and fly- and ear-tag suppliers to gather purchasing information and make recommendations to alliance members. The members then vote on which products to use. Shown above are QBP participants Randy Roberts and Jack Knock (foreground).

Members gain valuable information

David Trowbridge of Gregory Feedlots Inc., Tabor, Iowa, says there are unlimited benefits for producers involved with an alliance such as the Quality Beef Partnership (QBP).

“Their ability to advance the quality of their cattle, market their product and improve productivity — *everything* is greatly enhanced by working together. And when producers work together to improve the quality of our product, the entire industry is improved,” he says.

Acquiring information about their cattle on feed and on the rail is the key to improvement. “Alliance members receive health records, performance information, individual weights and carcass data,” the Certified Angus Beef LLC (CAB) licensed feeder says.

“They have changed many production methods as a result of receiving this information,” Trowbridge adds. “We have seen changes in genetics, disposition, health and performance over time.”

He also has noticed a change in producer attitudes about retained ownership. “As performance and carcass quality improve,” he says, “the interest in finishing cattle to gain these additional values becomes greater.”

Greater value comes when QBP cattle grade well.

“CAB has set a standard that all these producers want to achieve,” Trowbridge says. “QBP members want to be known as top-quality producers and to be paid for it, and CAB is the carcass-quality target. The extra premiums and the excellent carcass reports are also beneficial.”

The Indiana producers don't limit their education to going over the reports; many of them participate in tours of Gregory Feedlots that Fagg organizes.

“We encourage and enjoy having producers tour our facilities,” Trowbridge remarks. “They need to see what we are trying to achieve with their cattle. That personal contact is also important to us.”