

# Partnership for Quality

*Harris Ranch partners with commercial cattlemen to ensure quality control from conception to consumption, rewarding cattlemen for raising genetics to satisfy their restaurant and branded beef customers.*

BY ANDRA CAMPBELL



**I**n the mid- 1980s, management at Harris Farms, a diversified operation consisting of farming,

Thoroughbreds, a feedlot, a processing facility, Harris Ranch Beef and Harris Ranch Restaurant, started a new venture. Believing they had a unique opportunity to start a branded beef program because of their restaurant, feedlot and location, the Harris Ranch team took a chance and put their name on the label.

Located for miles along Interstate 5 on the west side of the San Joaquin Valley in California, Harris Ranch operates on more than 20,000 acres and has 1,300 full-time employees.

Every day more than 2,000 people visit the Harris Ranch Restaurant. They eat, buy items from the store and purchase fresh meat from the counter. To these customers, Harris Ranch wants to provide a uniform, high-quality product, ensuring a pleasant eating experience time after time. That's not an easy task buying cattle from the general mix available today.

"One out of every four consumers of beef has a disappointing eating experience," says Dave Wood, chairman of the beef division at Harris Ranch, referring to industry figures. Wanting to help eliminate those unsatisfactory eating experiences, Harris Ranch developed a program partnering with commercial cow-calf producers to procure cattle that would satisfy their consumers' palates.

"We wanted to take off our feedlot hats, our packing house hats, and put on our consumer hats and become consumer-focused," says Wood.

Harris Ranch also wanted to offer

monetary incentives and flexibility to its partners to make the program advantageous to them, too. Still, says Wood, "We don't expect anybody to change their program overnight."

Turning out excellent beef isn't a mystery, he adds. It simply requires attention to all aspects of the chain — from breeding to slaughter. The Harris Ranch Partnership For Quality program maintains it's essential to start with high-quality cattle, feed them with the finest ingredients and carefully process and handle the meat until it reaches the consumer.

## **It starts with genetics**

After selecting a small group of cow-calf producers to sit on the board of directors for this new venture, Harris Ranch formed strict criteria for bull selection. Believing that value translates to maternal traits; growth/performance traits; and carcass traits, including quality and yield grade, Harris Ranch turned to the Angus breed

Above: "Harris Ranch has a branded beef program that strives to produce a consistent, quality product every day," says Dave Wood. "We have attempted to design a program that focuses on the consumer, and we need cattle that will fulfill those needs." Wood is chairman of the beef division at Harris Ranch.

because of its solid database.

One of the Partnership For Quality program's goals is to provide producers with performance-tested bulls at affordable prices, with the mission of producing feeder calves with superior carcass traits. Those producers will, in turn, be rewarded within a value-based marketing system for using superior genetics and management practices.

Harris Ranch wants to work in partnership with producers on bull selection, financing, information resources, herd data analysis and establishing baseline performance standards.

Not all commercial cattlemen will appreciate or accept this much genetic guidance from their calf buyer or custom feeder, but Harris Ranch sees it as a necessary step to ensuring the quality of the end product.

"Harris Ranch has a branded beef program that strives to produce a consistent, quality product every day," explains Wood. "We have attempted to design a program that focuses on the consumer, and we need cattle that will fulfill those needs.

"Quality and service are what Harris Ranch is about," he adds. "If there are problems with the meat we produce, we replace the product and call the consumer to find out what the problem was. When we put our name on it, we stand behind it 100 percent."

### Setting the standard

"Buying the right bulls is a critical component of a successful beef operation and an absolute necessity in producing valuable calves," says Wood.

Convinced there are too many breeds in the cattle industry and not much traceback ability, Wood says program leaders knew they needed to begin their program with Angus, relying on the breed's database. The Angus Association's information is far ahead of that available from other breeds, he says.

All bulls selected for the Partnership For Quality program must meet the minimum criteria for expected progeny differences (EPDs) formulated by the program's board of directors (see Table 1).

"We hope that this data will become even more specific as time goes on," says Wood, welcoming producer comments. "The rancher and the consumer are our customers. We stand behind our product and are selecting producers who will stand behind theirs."

### Containing ribeye size

Randy Perry, Fresno State University, Fresno, Calif., calls the program's specified range in ribeye area narrow. "When you



One goal of the Partnership For Quality program is to fill one-half of its 100,000-head feedlot with program cattle.

limit ribeye, in general you're limiting muscle," he says, adding he's certain Harris Ranch has researched this aspect and knows what they can tolerate in their market.

Perry feels most producers could fit their cattle into the program if so desired.

"Harris Ranch is not trying to dictate what we produce; we can use the program as a marketing advantage, or we can do something else," says Perry. "But if we don't look at the program, then we are being short-sighted."

"There is no question that, as an industry, we have been producing ribeyes that are too big," says Wood. "All we have to do is listen to our customer." Retailers and restaurateurs complain to Harris Ranch that they can't cut a 10- or 12-ounce steak out of a large ribeye. The steaks become too thin and, as a result of overcooking, may become tough and dry. "There is no way these steaks can be properly cooked," says Wood, "and the meal ends up being another bad eating experience for the beef industry."

Packers in the United States sort ribeyes at 12 pounds (lb.), he adds. "They want 12 pounds and down, and pay a premium."

With packers, retailers and restaurateurs telling Harris Ranch they're willing to pay a premium for ribs and loins that are 12 lb. or less, that's what Harris Ranch wants to produce. It's why Harris Ranch formed the strict ribeye EPD criteria and why it plans to stick with it.

"Becoming consumer-focused is key to the beef industry," says Wood. "We must survive and battle for our lost market shares if we are to be successful as an industry in the future."

### Balanced for survival

Some critics have questioned why a program that concentrates on the carcass

Table 1: Partnership For Quality minimum EPD\* criteria

- Positive marbling EPD: +.05 or greater
- Ribeye EPD: -.1 to +.2
- Backfat EPD: +.02 maximum
- Weaning weight EPD: +25 minimum
- Yearling weight EPD: +40 minimum
- Moderate-framed cattle
- Positive scrotal EPD and/or minimum 85-cm scrotal circumference on yearling bulls
- Milk and birth weight as per individual producer requirements
- Structurally sound
  - Moderately thick or thicker muscling
  - Sound on feet and legs
  - Minimum sheath
  - Deep rib
  - Adequate capacity

When available, ultrasound will be used on bulls to complement EPDs as a selection tool for carcass traits, determining backfat, ribeye area and % marbling in the ribeye.

*\*Based on the American Angus Association sire evaluation database.*

would set requirements for scrotal EPDs. The Harris Ranch team responds that there are three profit centers in the beef industry, and the first is the fertility/maternal complex (the other two being growth/performance and carcass).

"We wanted to ensure we would have balanced-trait cattle in our program," says Phil Lalich, consultant and member of the board of directors for the Partnership For

CONTINUED ON NEXT PAGE

## Partnership for Quality

Quality program. "We selected breed averages, or just under breed averages, as minimums for our EPD criteria."

Though not a direct measure of fertility in heifers, Lalich points out that scrotal circumference is positively correlated to semen production, better motility and morphology of the semen, and early puberty in daughters.

"We are not saying that people need to go for a maximum scrotal EPD and actual circumference on their bulls; we're just saying that we can't forget that fertility is the most important trait," says Lalich.

### Finding bulls for the program

Finding bulls to fill the needs of the program is a job in itself. Wood says Harris Ranch is trying to buy quality bulls at a predetermined price. Harris Ranch representatives tried to attend every bull sale in California. Still, says Wood, "It is necessary to buy out of state because we have a lot of orders to fill."

"It is unbelievable how hard it is to find bulls that fit the specs for the Harris program," say Lalich and Larry Dorsey, also a consultant and member of the Partnership For Quality program board of directors. Concentrating on their strict criteria for bull selection takes the team all over the United States.

"We direct Harris Ranch customers to ranches in California that are producing bulls that meet this criteria, as well as to places outside of California," says Lalich. "We are working as a service to Harris Ranch customers. We want to fill their needs."

### Source identification

Another goal of the Partnership For Quality program is to identify calves from the time they are born until the time they are processed. "When we get the perfect animal, we want to figure out where it came from and be able to repeat the process," says Wood. Advances in DNA testing and electronic identification will soon enable this to happen.

The program also would like to track tenderness. "It is a genetic issue," says John Isadore, general manager of the beef division at Harris Ranch. Harris Ranch team members maintain 99% of the people who have undesirable eating experiences have them because the meat was tough.



Harris Ranch set a goal to have 25,000 cows enrolled in the Partnership For Quality program at the end of one year; 50,000 in four years. Harris Ranch team members pictured include (l to r) John Isadore, Dave Wood and John Harris.

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### PARTNERSHIP

An association of persons who share risks and profits in a business or other joint venture.

### QUALITY:

A grade, a degree of excellence, goods of the first quality.

*-Partnership For Quality philosophy*

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### Rewarding the producer

Another goal for the program is to reach a true value-based marketing system and tie the industry back into the retail value of the meat. This is difficult to do under the current market structure because half of what the industry sells is based on reduced prices.

"We might sell 6,000 boxes a day, but one-half of that is specials on chucks and rounds or something else," says Wood.

"The industry views the product as a commodity and prices it as such," says Isadore. "Until we get to where beef is a value-added, branded product, we can't have a true value-based marketing system." Right now the Harris Ranch program is using a value-based formula (or grid) to establish prices.

The formula starts with a base price, with premiums and discounts for quality and yield grade. The formula has a targeted carcass weight range, with discounts applied to those that fall outside. Other elements

include targets for dressing percent and "out-cattle" (stags, dark cutters, etc.) discounts.

### Built-in flexibility

The Harris Ranch Partnership For Quality program was designed to help cow-calf producers optimize their bull-buying dollars and reward them for producing calves with superior carcass traits. Harris Ranch will meet with producers to discuss the type of bulls to be purchased. They will then purchase bulls for the producer within a predetermined price range, or producers may purchase their own bulls if they meet the Harris Ranch EPD criteria.

Producers have the option of paying outright for the bull or financing the purchase price over four years with payments in either cash or calves.

Commercial cow-calf producers can retain ownership or sell their feeder calves to Harris Ranch. Either way, they are promised genetic and seasonality premiums.

When calves sired by bulls meeting the Harris Ranch criteria are delivered to the feedlot, Harris Ranch will pay a \$1/hundredweight (cwt.) genetic premium. When cattle are delivered to the feedlot Nov. 1-April 10, Harris Ranch will pay a \$1/cwt. seasonality premium.

With retained ownership, Harris Ranch will provide producers financing, a vaccination protocol, feedlot performance data and individual carcass data. When the company purchases the live cattle for processing, producers are entitled to 100%

of the premiums paid for carcass merit to reward producers for the additional value that was bred into the calves.

If a producer chooses for Harris Ranch to purchase the feeder cattle, the cattle will be purchased based on the Cattle-Fax California weekly feeder cattle prices. Harris Ranch will pay an additional \$1/cwt. premium for cattle vaccinated according to protocol and \$2/cwt. premium for calves weaned prior to shipping.

When cattle reach slaughter, even though they were sold to Harris Ranch as feeders, the producers are entitled to 25% of the premiums paid for carcass merit based on the grid price structure, again rewarding producers for the additional value bred into the calves. Producers are provided individual carcass data on identified cattle at no charge.

Producers also have the option to joint venture with Harris Ranch.

### **Lofty goals**

Harris Ranch set a goal to have 25,000 cows enrolled in the Partnership For Quality program at the end of one year; 50,000 in four years. Six months into the program, they've already signed up 20,000 cows. Most of the commercial cow-calf operators are found in California, but there

### **From a producer's perspective**

"The Harris Ranch Partnership For Quality program will make us better managers and give us a better set of females to operate with," says John Lacey, past president of the National Cattlemen's Beef Association (NCBA) and a California rancher.

Located near Independence, Calif., Lacey Livestock, a commercial cow-calf and stocker operation, has used Angus bulls since 1960. Lacey sees the Harris Ranch alliance as an opportunity to improve carcass quality and increase demand for his calves.

The program also will assure feeders and packers the industry can provide cattle that will grade, says Lacey, now a member of the Partnership For Quality board of directors. He says there are individual bulls with the genetics to assure uniform, high-quality carcasses that grade, as well as performance and feed efficiency.

"Angus cattle are my choice because the Association started using accurate EPDs," says Lacey. "Other breeds don't have the history to assure us that the bulls have predictability, not only in fertility and performance, but also with carcass EPDs."

also are ranches signed up in Oregon, Nevada and Colorado.

"We are looking for progressive cow-calf operators who realize we need to be consumer-focused," says Wood.

"We face an island mentality as an industry," he adds. "As seedstock producers, cow-calf operators, feeders and packers, we talk amongst ourselves. We are doing a poor job as an industry in communicating and working together. We need to realize that in order to gain back our lost beef market shares, we have to work together."

"Producers have to think about being

consumer-focused," says Wood. "We have to produce a consistent, tender, flavorful product. People will pay for quality."

The Harris Ranch beef program produces more than 200 million pounds of beef a year and hopes this program will provide consumers with a consistent, tender and flavorful product. If the Partnership For Quality program does nothing other than make the seedstock producer, the commercial cow-calf operator, the feeder and the packer work together as a team, it has been successful.

