

The Quality Code

Story & photos by Jerilyn Johnson

A photo of John Wayne, taken at the Arizona National Angus Show, is proudly displayed with other memorabilia in the Circle A Angus Ranch office near Iberia, Mo. In owner Dave Gust's mind, "the Duke" was a true American hero. The cowboy icon also was known for this sage advice: "A man's got to have a code, a creed to live by, no matter his job."

Circle A has adopted its own cowboy code of doing business: *Find the most efficient way to raise an animal that will produce the best beef — and then make those beef genetic traits available to producers.* It revolves around a strong commitment to quality, customer service, cooperation and information sharing.

Customers have come to appreciate these practical, profit-minded principles. It's the reason Circle A is building a strong network with commercial cow-calf producers, feedyards and Certified Angus Beef LLC (CAB).

"Circle A is a unique operation," says John Tucker of North Platte (Neb.) Feeders. "Their cattle are proven and predictable, and they work for all segments of the industry. Circle A provides its customers with more hard facts than any other seedstock producer I can think of, and participating in the information exchange is vital to keep our industry growing."

North Platte Feeders has had success feeding cattle for Circle A and its customers. Seeing the premium their beef brings, Tucker says. "The customers' investment return is assured."

Creed No. 1:

Commit to quality beef.

No longer are producers limited to just talking about improving beef tenderness, flavor and consistency. The tools and knowledge are available to reduce variations in carcass merit and production efficiency. Circle A is making it happen by sticking to a code of quality.

The company's evolution from purebred startup and show

string to a major seedstock supplier and commercial beef operation has been aggressive.

"The Gust family's motivation was to grow," says Mark Akin, Circle A Angus Ranch manager. And grow they did. There are now 700 registered Angus cows and 6,500 commercial Angus cows wearing the Circle A brand. The herds are managed at three locations in Missouri, with an additional commercial heifer development unit in Iowa.

But Circle A took it one step

Cooperating
to Get Information

at a time, first taking advantage of beef improvement programs, services and educational opportunities offered through the American Angus Association and CAB. "The growing emphasis on carcass merit motivated us," Akin says. "Putting everything into perspective and envisioning what the industry would be like in 10 or 20 years led us to build a commercial herd."

It works hand in hand with the seedstock enterprise. "The

registered cows are our research and development unit," Akin says. "The commercial herd is our proving ground."

Circle A may be best known for its Angus Sire Alliance, a comprehensive progeny test and evaluation program for finding balanced-trait, profit-generating Angus sires. Sire Alliance progeny are running 89%-93% Choice grade, Akin says, with 28%-32% of the 600 steers harvested in early 2002 having achieved *Certified Angus Beef*® (CAB®) brand acceptance. The first part of a Circle A pen of steers enrolled in Best of the Breed (BoB) contest and fed by Irsik & Doll Feedyard, Garden City, Kan., recorded 70% CAB acceptance.

Whenever possible, Circle A encourages customers to focus on the CAB brand target. "Our responsibility is to offer sires with the genetic capability, in the right management and feeding situation, to produce that type of calves. When you target CAB, you move out of the discount level into a higher-quality animal that's going to be more acceptable and able to qualify for more marketing grids."

It all boils down to profitability. "If we can show them that breeding to Sire A with high marbling traits will get them into the upper two-thirds of Choice and still have the pounds, they're going to realize more dollar value for their efforts — if they retain ownership," he says.

Creed No. 2:

Take care of your customers.

"If you're not 'doing sales,' you're not going to be in business very long," Akin says. "We want to be profitable and help our customers be profitable."

Circle A begins by building the best animals possible through genetics, research, expected progeny differences (EPDs) and carcass data collection. "Our services and products will strengthen our customer network. They are very



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important,” Akin says. “If you don’t have both, you’re not going to be very fruitful in the Angus business.”

In recent years, Circle A has been developing customer-driven programs such as a steer buy-back, feeder-calf sales and a profit EPD genetic evaluation for its commercial customers.

The company constantly strives to figure out different ways to bring people to the profit side of the beef business through genetic improvement and marketing avenues. Then Circle A takes it one step further: It provides its customers the new greenback of the 21st century — information.

“To build a strong customer network, it’s critical to have the information our buyers prefer, to add value to cattle and provide extra customer service,” Akin says.

A search for cattle genetics that will add more quality and uniformity to their 200-head commercial cow-calf operation led Bev and Wayne Scheer of Dissen Cattle Co. to Circle A.

Bev Scheer always shopped for Angus genetics out of state, until she received a Circle A newsletter last summer and took a closer look. Circle A commercial marketing manager Jeff Windett visited Scheer and sold her on the program.

“Circle A goes the extra mile,” she says. “They’ve set up innovative programs, an educational process in the form of customer service. Windett is always available and willing to answer questions. They bring it all together.”

The Scheers purchased 49 commercial 2- and 3-year-old bred females last fall and returned this spring to buy an 18-month-old “headliner” bull and a yearling at the Circle A production bull sale.

They retain ownership of all calves produced on their farm near New Haven, Mo. “We started sending calves to Kansas feedyards and experimenting with value-based marketing in 1997,” says Scheer, a former hog buyer for Excel. She says with their other enterprise — hauling cattle and hogs for IBP — and



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the fact that there is a local outlet for finished cattle, “we decided we could economically background and feed out the calves ourselves.”

Previous experience with selling on a value-based grid and collecting carcass data showed her they were on the right track. “That was the first hurdle,” Scheer says. “We’re maxed out on the number of cows we can handle, so now we turn our attention to beef improvement. The only way to do that is to use the best genetics. After purchasing the Circle A bulls and females, I feel like I have everything lined up.”

Of 195 steers and heifers fed out by Dissen Cattle Co., 76% graded Choice, 5% graded Prime, 19% graded Select and 20% qualified for CAB, reports Scheer. “That was without Circle A genetics. Our expectations are higher now.”

Creed No. 3:

Cooperate and exchange information with others.

Circle A is working to line up trusted partners who share common goals. North Platte Feeders is one such partner. It has a dedicated, knowledgeable feedlot staff and state-of-the-art facility. And it shares a common focus with Circle A: the customer’s bottom line.

The relationship began when Tucker took his cattle-marketing

and procurement expertise there a year ago. The Circle A staff had previously worked with Tucker when he was at Platte Valley Feedyard in Kearney, Neb. “He’s very familiar with our cattle, our customers’ cattle and how they perform,” Akin says.

Circle A puts itself through the fire first, before sending its customers to a feedyard or progeny trial. “We gain experience by feeding cattle with that particular feedyard, so we can make good,

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informed references to customers,” Akin explains.

After a customer makes the decision to use Circle A genetics, a value-added marketing incentive is offered. Circle A offers feedlot financing or retained ownership options. It provides carcass data at no cost to all customers. Approximately 10% of customers use this service, but Akin hopes to build on this number. “It’s a big step to get people to retain ownership and use carcass data,” he says.

Next, Circle A introduces them to the people at North Platte Feeders or Irsik & Doll Feedyard. Windett coordinates the calf health program — whether Circle A buys the calves back or the customer retains ownership — then coordinates delivery to the feedyard.

John Kost, an Eagle Butte, S.D., rancher, joined the Circle A network and takes advantage of both its feedlot data and bull procurement options. “We sent

400 steers to North Platte and have been receiving biweekly reports on their feedlot performance and feed costs, thanks to the Circle A network,” says Kost, who runs 1,000 mother cows in partnership with his brother-in-law.

In the past, the Kost and Maher cattle operation has had difficulty in obtaining complete and accurate carcass data. Now, the partners feel confident of getting this information when the steers are processed, starting in mid-July. “We really appreciate Circle A’s and North Platte Feeders’ efficient exchange of information and constant communication,” Kost says.

Another customer service option Kost has utilized is bull procurement and delivery. He purchased four Circle A Angus bulls in 2001 and three this past spring. All were procured by Tucker and delivered directly to the Kost and Maher ranch in north central South Dakota.

Creed No. 4: **Quality is a never-ending goal.**

Circle A is not totally computer “networked” with customers yet. But it does use Irsik & Doll Feedyard’s electronic identification (EID) tag system and Web site link. Akin says Circle A will continue to work toward computerization, but still believes in the old-fashioned way of conducting business.

“One-on-one dialogue is hard to replace with a computer,” Akin says. “If you can sit down and talk with a customer, show a spread sheet on cattle performance, analyze data, and direct them for their next sire selections, then I think you have a better way of achieving results. We always want to make information useful to customers.”

The company’s biggest challenge is to get customers motivated to gather and analyze information. It comes down to management. “We want to help

our customers make informed decisions and set priorities without sacrificing important traits,” Akin says.

Another challenge is consistency. Circle A’s goal is to produce pens of cattle with double the current national CAB acceptance rate of 18%. “Hopefully, our customers also will realize this improvement,” Akin says. “We are using the same genetics we’re selling to our customers.”

The ideal target for Circle A is a 750-pound (lb.) carcass, 12-inch (in.) ribeye, and a quality grade upper two-thirds Choice or better. But how do you consistently produce this type of product for retailers or restaurants?

Akin believes the Angus breed has the advantage here. “Angus are moderate in carcass size and ribeye. It’s a more case-ready, friendly product,” he says.

Yet another challenge is anticipating consumer trends. “As a seedstock producer — or a



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beef producer, period — we need to be conscious of consumer demands,” Akin says. “But if you’re not getting information, you don’t know where you’re at. You have to have the desire to want to know,” he says. “You can’t change or make

improvements, unless you measure. Many producers are pretty happy to follow traditional marketing methods. But we’re here if and when they are ready to make a change.”

