

Industry Insight

Ellingson represents Association at 2004 Young Cattlemen's Conference on Angus Foundation scholarship.

Forty-two young cattlemen and women participated in the 25th annual Young Cattlemen's Conference (YCC) tour, June 3-11. The comprehensive, nationwide tour of industry sectors is designed to enhance leadership skills in young beef industry leaders. The tour is sponsored by the National Cattlemen's Beef Association (NCBA), NCBA affiliates, Tyson Fresh Meats Inc., ContiBeef LLC and John Deere.

"The Young Cattlemen's Conference is an opportunity for us to focus on the future leaders of the industry and build a foundation for grassroots leadership," says NCBA President Jan Lyons, a cattle producer from Manhattan, Kan., who traveled with the group. "We are dedicated to the industry's future and committed in developing leadership."

Participants in the eight-day tour were nominated by their respective NCBA affiliates. Also attending the event were other cattle and beef industry representatives.

Chad Ellingson, Saint Anthony, N.D., was chosen to represent the American Angus Association through sponsorship by the Angus Foundation, which supports youth, education and research in the Angus breed. Ellingson and his family own and operate Ellingson Angus, and he takes an active leadership role in many organizations at the state level.

This is the second year that the Angus Foundation has sponsored a participant on the YCC trip. Interested individuals must be members of the Association and NCBA. They must submit an application and letters of reference, which are evaluated by a selection committee.

Below, Ellingson provides his account of the 2004 YCC tour.



► YCC participants prepare to load the charter plane in Chicago, Ill., to head to Washington, D.C., for the final two days of the tour.

Story & photos by **Chad Ellingson**

Wednesday, June 2

I flew to Denver, Colo., and arrived at the Denver International Airport. While waiting in the shuttle, I was also accompanied by two other YCC participants. That evening at the motel we had the opportunity to meet a number of the other 42 YCC participants. These participants were representatives from the major state affiliations of NCBA, plus the American Hereford Association (AHA).

Thursday, June 3

We spent the day at NCBA's Denver office. Mark Armentrout from John Deere Food Origins greeted us that morning. John Deere served as a major sponsor of the tour.

We had introductions of the group and found out more about the people we would be traveling with for the next eight days. NCBA Chief Executive Officer (CEO) Terry Stokes and NCBA Executive Director of Association Marketing Marvin Kokes also greeted us.

That afternoon, Mark Thomas, NCBA

vice president of global marketing, and James "Bo" Reagan, NCBA vice president of research and knowledge management, spoke to us about what our checkoff dollars have funded for research and new product development. This made me realize the true importance of checkoff dollars and how this money has made a difference to increase beef's market share.

We reviewed a number of the advertising campaigns that have run and will be running in the future. For 2005, the advertising will be mostly radio-based ads, for they are quicker and less expensive to change if another case of bovine spongiform encephalopathy (BSE) is found during the random-testing period.

We also talked about new product development and how these new products have increased carcass value.

One of the real learning curves of the day came when we broke into groups and worked on an industry case study put together by ContiBeef, another major sponsor

of YCC. During this time, we discussed current primary issues facing the beef industry. Next, as a team, we tried to come up with solutions to these issues and how we would form a case to back up our solutions. Main issues in this case study were retaining



► June 3 was spent at NCBA headquarters, getting acquainted and listening to presentations by some of the NCBA staff, including Marvin Kokes, executive director of association marketing.



► Randy Blach of Cattle-Fax said the closing of U.S. export markets due to BSE has cost cattle producers about \$14 per cwt. for live cattle. He estimated the re-opening of the Canadian border would affect live cattle prices about \$5 per cwt., providing a \$9-per-cwt. benefit if all the borders were to be reopened.

beef demand on an upward trend, BSE, how imports and exports will affect the profitability of cattle producers in each segment, and how trade negotiations have to be based on fair trade to secure the future of the U.S. beef cattle industry.

This session required deep thought and input on the future success of our industry. During this time I came to realize that I would be spending the next week with a truly talented group of people in our industry.

Friday, June 4

Today started out with one topic everyone likes to hear about right now — soaring beef demand and how it is having a profitable impact on our industry. Randy Blach, who serves as executive vice president of Cattle-Fax and of CF Resources Inc., led this session. I like numbers, especially positive ones, and I found this time to be quite valuable.

Blach stated that if we sustain demand, we are going into the most profitable time to be in the cow-calf business in the past 40 years. He also gave us estimates on the effect the border closings have had on our live cattle market. He said the closing of our export markets has cost us about \$14 per hundredweight (cwt.) on live-cattle prices, and the reopening of the Canadian border would cost us about \$5 per cwt. With all borders reopening, we could benefit about \$9 per cwt. on live-cattle prices.

He also thinks live-cattle prices have graduated up to new, higher prices in the top and bottom of the cattle cycles. This made me realize that if you are an efficient cow-calf producer, you should always be profitable!

After the Cattle-Fax session, we had a videoconference with representatives from the McDonald's Corp. During this meeting, we had the opportunity to discuss major beef issues with the industry's largest customer. McDonald's purchases \$1 billion of U.S. beef per year. During this discussion, they focused on their three main concerns and how we may work on these together. Their concerns were animal identification (ID), quality control in harvest facilities and implementation of possible BSE testing requirements of all harvested cattle.

They also spoke to us about how the smaller U.S. cow inventory, combined with the growth of McDonald's sales, has created a problem of being able to fill their demand. From a producer standpoint, this session was excellent. It forces you to visit directly with a customer we oftentimes wouldn't consider to be one. However, this customer plays a major role in the economics of the beef industry.

We also had a session with Brett Stuart, chief economist for the U.S. Meat Export

Federation (USMEF). This session caused us to think about the challenges we are facing to get our export markets reopened. It also made us think about the challenges we will face when our borders are opened to trade. Stuart thinks we are currently losing some of our market to other protein sources and that it will be hard to get back. We also reviewed some of the foreign ad campaigns funded by checkoff dollars that they are using in our export markets to promote U.S. beef.

Later that afternoon, we traveled to Magness Farms, where we briefly reviewed their operation and a limited number of cattle.

From there, we traveled to Swift and Co. headquarters at Greeley, Colo., where we met with Swift's management staff. We received an overview of the company's operation. Again, one of the main issues that came up was what the loss of our export markets has done to the company's business. A stop at a large packing organization sure gives another perspective on the industry from a standpoint we often don't think about in the cow-calf or feeding industry.

Saturday, June 5

In the morning we headed back to the NCBA Denver office. We were definitely keeping a full schedule!

We started out with a session with Kendal Frazier, NCBA's vice president of public opinion and issues management. Frazier's main topic was the Dec. 23, 2003, finding of BSE and how it really turned out better than anyone would have ever anticipated! He talked about how that day had been planned for and rehearsed for many months, hoping it would never come. I was amazed at how NCBA had Web sites ready to roll and a direct plan — including everything down to how they would handle the media to help maintain consumer confidence if BSE were to hit.

The number of major media interviews, news releases and e-mails sent out by NCBA staff appeared to be countless. I am sure that other countries look at the United States and wonder how we weathered the storm so well. After Frazier's discussion, I can see that a little preparation goes a long way, and a lot of preparation can save an industry in a time of crisis.

Next, we had a learning session with



► Sharyl Sauer, NCBA executive director of industry communications, taught YCC participants how to handle questions in a media interview.



► YCC participants observed how product is displayed at King Soopers, near Denver, Colo. About 95% of the grocery's shelf space is devoted to branded product.

Sharyl Sauer, who is the executive director of industry communications with NCBA. This session was a nice follow-up to Frazier's session, as it was geared toward preparing us to become media spokespersons for our industry.

She taught us how to handle questions in a media interview. This gave me many tips

"I can see that a little preparation goes a long way, and a lot of preparation can save an industry in a time of crisis."

— Chad Ellingson

on how to handle the tough questions and not lose focus, even when a news reporter may be trying to get you shaken off course with the topic at hand. For example, if a reporter is visiting with you about beef demand increasing and all of a sudden says, "Why is beef demand increasing when it is known eating beef with *E. coli* can kill you?" don't get flustered. Instead, get right back to the point about beef demand going up.

At the end of Sauer's session, we headed off to a Denver suburb to tour King Soopers. Soopers is a major grocery chain in many large cities. Here, we met with the store manager and got to review how they present our product in their meatcases. I was amazed that about 95% of their shelf space was

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► Time on — or off — the bus provided opportunities to visit with other YCC participants, which was a learning experience in itself.



► Grant County Feeders of Ulysses, Kan., has a capacity of 112,000 head and a different outlook for turning a profit than smaller lots.

devoted to branded products, like Cattlemen's Collection and two different Angus branded lines. The manager said they have seen an increased amount of beef sales due to branded beef. He thinks the consumer feels more comfortable with purchasing branded products.

After touring King Soopers, we ate lunch at Applebee's®. John Bury, who procures the beef for the Applebee's chain, was part of the YCC group. This gave all of us from

the production side another perspective on the industry. He talked about how he makes purchases and how his volume of purchasing can affect the marketplace.

That afternoon, we made a long journey by charter bus from Denver to Ulysses, Kan. The time on the road was extended because of road construction, so we got to unload along the way and have even more time to visit. Even though the trip took eight hours, it passed quickly, with one of the first real good opportunities to visit with other YCC participants. This in itself can be an excellent learning experience.

Sunday, June 6

After a night's stay in Ulysses, we loaded the bus again and headed out of town to Grant County Feeders. I had been in feedlots, but not one with a capacity of 112,000 head! It was interesting to see an operation of this size at work. Here, we met with Joel Jarnagin, who manages the operation. He talked about where and how they procure the cattle. Joel visited about how they obtain mainly heat-tolerant cattle for feeding in the summer months. He talked about rations, environmental concerns and how they market the cattle through an alliance program with National Beef.

In addition to their feeding operation, it was interesting to see the magnitude of their feedmill. Many feed companies don't have mills of this scale. I found it interesting how an operation this size has a few different perspectives on turning a profit than the smaller feedlots that I had experience with. Their main goal was to produce lots of pounds of beef at some profit margin and not necessarily to take the time to procure and sell cattle that would add the most value for every pound of beef produced. They were just getting their summer-feeding cattle in,

most of which originated south of the U.S. border, and I could see there is still a need for many more Angus bulls in the world!

After Grant County Feeders, we traveled by bus to Dodge City, Kan., where we loaded a charter plane and flew to Sioux City, Iowa. When we arrived, YCC participant and Angus breeder Donnell Brown led an impromptu worship service in the parking lot of our motel. As I sat in the parking lot during the makeshift worship service, I was reminded of the strong morals and traditions possessed by most people in the beef industry.

We concluded the evening with dinner and hospitality at Famous Dave's with some of the Tyson staff. Tyson was another one of the three major sponsors of the tour.

Monday, June 7

We started out by going to Tyson Fresh Meats' Dakota City, Neb., harvesting plant. Here, we had an in-depth tour of the 5,000-head-per-day processing plant. It was interesting to learn the steps the company is taking to prevent *E. coli* problems and the new measures being taken to totally eliminate all animal parts that are considered BSE high-risk material. In addition to the disposal of any high-risk material, I didn't realize that about \$70 worth of each carcass, consisting of items such as feet and tongue that U.S. consumers consider waste, actually has a market internationally. With our export markets closed, these items are now going to waste.

It was educational to watch the U.S. Department of Agriculture (USDA) graders and the carcasses after they had their USDA grades. It was also interesting to see that carcasses were railed off by the plant grader to be re-evaluated by the USDA grader because the plant grader thought they should have been evaluated at a higher grade. It was just magnificent to see how the beef that cattlemen produce actually becomes a usable product.

From the harvest facility, we drove to Tyson's tannery division. Here, we talked about the value that the hides add to the total carcass value. We also learned how hip



► It was interesting to see the magnitude of the feedmill at Grant County Feeders. Many feed companies don't have mills of this scale.

brands within 18 inches of the tail don't have much of a negative impact on the hide value, while rib brands have a huge negative impact. I had never been in a tannery before and found it to be quite intriguing. This whole process made me think about a part of cattle production we don't usually consider.

From the tannery, we went to Tyson's Corporate Headquarters in Dakota Dunes, S.D. Here, we ate lunch and had a program where the main staff members in the beef division talked about the current operation, branded programs and how the move toward precooked items was the corporation's main expansion area. We again had a chance to talk about how BSE has affected business. This session was open to any questions we wanted to ask — even

about profit margins in their beef division and what their business model projects for returns on investment.

From Tyson, we hopped aboard another charter plane that took us from Sioux City to Chicago, Ill. When we arrived in Chicago, we

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—Chad Ellingson

2004 Young Cattlemen's Conference participants

Brian Brockel, Selby, S.D.
Ben Brophy, Amarillo, Texas
Donnell Brown, Throckmorton, Texas
John Bury, Olathe, Kan.
Judd Butler, Stratford, Texas
Rachel Buzzetti, Lamoille, Nev.
Brian Caires, Kamuela, Hawaii
Ron Christensen, Sterling, Utah
Jamie Cornwell, Paso Robles, Calif.
Chad Ellingson, Saint Anthony, N.D.
Rander Faber, Sublette, Ill.
David Gazda, Athens, Ga.
Joe Greig, Estherville, Iowa
Alan Gross, Ord, Neb.
Howard Hardecke, Bolivar, Mo.
David Haresnape, Oberlin, Kan.
Tommy Hefner, Hereford, Texas
Mike Jacobson, Ulysses, Kan.
Scott Johnson, Kit Carson, Colo.
Julie Karavas, Lincoln, Neb.
Alan Kelley, Saint Cloud, Fla.
Scott Kelly, Maricopa, Ariz.
Henry Kempfer, Melbourne, Fla.
Marvin Kokes, NCBA, Denver, Colo.
Jeremy Kueffler, Miles City, Mont.
Todd Leland, Sidney, Mont.
Andy Lohr, Bucyrus, Ohio
Jan Lyons, Manhattan, Kan.
Mike McCravy, Bowden, Ga.
Scott McNeley, Grand View, Idaho
Don Pemberton, Hopkinsville, Ky.
Michele Peterson, NCBA, Denver, Colo.
Errol Rice, NCBA, Washington, D.C.
Kevin Schultz, Haviland, Kan.
David Secrist, Moses Lake, Wash.
Sam Shaw, Caldwell, Idaho
Randy Shortridge, Garden City, Kan.
John Spittler, Elk Grove, Calif.
Kay Teisl, Salem, Ore.
Kevin Wallace, Jayess, Miss.
Leah Wilkinson, NCBA, Washington, D.C.
Kevin Younger, Dakota Dunes, S.D.

Source: National Cattlemen's Beef Association

found our motel downtown and walked down the street to dine that evening at the world-famous Billy Goat Tavern. The Billy Goat was started by the man who was banned from bringing his goat to the Chicago Cubs games in the 1940s. He said he would put a curse on the Cubs until they allowed a goat in during a game. It looks like the curse is still on!

Tuesday, June 8

First thing in the morning, we traveled over to the Chicago Mercantile Exchange (CME). Here, we had breakfast and a short meeting with many of the cattle traders. They presented their perspectives on the markets and how limit changes and BSE have affected their business. It was also quite interesting to hear fears as we enter the time of random testing for BSE. They are quite concerned about false positives and the dramatic swings in the market this could bring.

After our morning breakfast we went down to the trading floor after the market opened. Here, we got to feel the on-the-spot excitement of the trading floor. This experience definitely gave us a stronger grasp



► Chandler Keys (far right), NCBA vice president of government affairs, addressed the YCC group at an evening reception. He spoke about the politics of Washington and the changing agricultural world in which we are living.

on the whole market and trading picture. It also made me realize that while volatility in the market makes a producer uncomfortable, it can also cause tense moments on the trading floor.

From the CME, we visited The Bruss Co. in Chicago. Bruss is a meat fabrication company that cuts steaks for many top U.S. restaurant chains. Here, we witnessed the preciseness of cutting portions to meet specifications of size and quality. We had a one-on-one discussion about their business and how they are adding value to beef. This

stop again made me think about a segment of our industry that usually goes unnoticed. These are the guys who put the final touches on our product right before it has its debut!

From Bruss, we caught a flight to Washington, D.C., where we were greeted by a tremendous reception hosted by John Deere. The food on every portion of the trip was excellent!

Chandler Keys, NCBA vice president of government affairs, addressed the YCC group at the reception that night. He spoke about the politics of Washington and the changing agricultural world we are living in. He gave an uplifting talk that really got everyone fired up for the last two days of the tour that were spent in our nation's capital.

That evening, NCBA Director of Legislative Affairs Bryan Dierlam led a walking tour of Capitol Hill. This ended up being a historic time to be in Washington, as it was the week of former President Ronald Reagan's funeral. Each night after our meetings, which wrapped up around midnight, we would walk down by the Capitol to see the long line waiting to pay their respects. The average waiting time was about 7 hours. Only a couple YCC

participants were tough enough to sacrifice a whole night of sleep to make their way through the Capitol to view the casket before we were back in meetings the next morning. With more than 200 world leaders in the city, security was at a very high level that week.

Wednesday, June 9

We started with a breakfast session with Dierlam, who serves as one of the main lobbyists for NCBA in Washington. He talked about some of the main issues that have been debated in the past months, including the reopening of our export markets, changing of the food guide pyramid, drought relief and how a national ID program will be implemented. We had time to visit about the issues and the congressional people from whom the beef industry has gotten the most support.

He also gave us some quick pointers on how to go about making effective congressional visits, like giving your background and who you represent to your congressman to give yourself more credibility. He also recommended building a relationship that will allow you to keep a close contact with your congressman on

issues that may arise in the future.

At noon we had a congressional picnic on the Capitol lawn with many of the congressmen from across the country. This gave us time to get their views on our industry, and, of course, time to share our views with them. I sat and visited during lunch with Rep. Charles Stenholm (D-Texas), the ranking member on the House of Representative's Agriculture Committee.

After the picnic, we had the afternoon to make congressional visits with the senators and representatives from our home states. I met with Sen. Byron Dorgan (D-N.D.), Sen. Kent Conrad (D-N.D.) and Rep. Earl Pomeroy (D-N.D.). This was a great opportunity to discuss legislation about national ID, BSE, trade laws, the food guide pyramid, the farm program, drought relief and many other items being discussed right now.

After the congressional visits, we loaded a bus and headed for a great Angus evening. Whitestone Farm of Aldie, Va., hosted the

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► It was a historic time to be in Washington, D.C., as it was the week of former President Ronald Reagan's funeral. With more than 200 world leaders in the city, security was at a very high level.



► Participants were joined by more than 400 congressmen and Capitol Hill staffers for a Beef Caucus Picnic at the Upper Senate Park next to the Capitol.

YCC group, greeting us with a superb steak dinner, reception, dance and viewing of some well-known Angus cattle. Tom Burke of the American Angus Hall of Fame, Smithville, Mo., was the featured speaker for the evening, talking about the history of Angus cattle and the U.S. beef industry. Mark Duffell, George Lemm and the Robertsons of Whitestone Farm gave the YCC group a nice, relaxing evening.

Thursday, June 10

By this time, everyone was running on little sleep because of the loaded schedule we had for the past eight days. Surprisingly, everyone was still staying awake and attentive during all the sessions and meetings.



▶ Whitestone Farm of Aldie, Va., hosted the YCC group to a superb steak dinner, reception, dance and viewing of some well-known Angus cattle. Angus members at the event took time out for a photo.

▶ **Right:** In Washington, the group met with Secretary of Agriculture Ann Veneman (pictured), as well as USDA staffers Chuck Lambert, deputy undersecretary for marketing and regulatory programs; Eric Hentges, director, Center for Nutrition Policy and Promotion; and Jim Butler, deputy undersecretary for farm and foreign agricultural services.



We started the morning by going to USDA headquarters for briefings with Secretary of Agriculture Ann Veneman and some of her staff members. This was definitely a time to gather very important information and ask many questions about trade, BSE, national ID and what kind of mistakes had taken place in regard to an incorrect writing of a permit for Canadian beef.

We also talked in detail about how the random-testing results would be handled. Everyone was shocked to hear that the inconclusive results would be published. We got more understanding when it was explained to us that there was a fear someone could use inconclusive tests to their advantage for unfair trading before a conclusive test result was determined. This way, everyone could know test results that will be published on the Web each day.

USDA's Chuck Lambert, deputy undersecretary for marketing and regulatory programs, talked about the national animal ID program. Eric Hentges, director of the Center for Nutrition Policy and Promotion, spoke to us about changes coming in the food pyramid and dietary guidelines. This is one area, I realized, we need to focus on a lot more as a beef industry. Changes in the pyramid and guidelines could change beef consumption, demand and prices more than many issues we fuss about in the industry.

Jim Butler, deputy undersecretary for farm and foreign agricultural services, talked to us about international trade and beef exports. This was a very interesting talk with all of the media coverage this issue has gotten in the months since the United States' first BSE case. I felt

very hopeful about our exports being reopened in the near future.

He talked about two main things to happen in June that may change Japan's view on allowing American beef to flow back into their borders. First, their election is in June, and with this behind them, more change may happen. A Japanese delegation (at press time) would also be coming at the end of June to review safety measures being taken and that have been taken in the United States to prevent BSE-infected beef from entering into the food supply.

For lunch we met with John Masswohl, who serves as the counsellor of agriculture/fisheries from Canada. Again, we had the opportunity to throw questions back and forth and talk about many items of which producers on the north and south sides of the Canadian border are concerned. Being in the seedstock business, this gave me a great opportunity to ask questions in regard to science-based changes that will take place in transferring seedstock and not just feeder cattle across U.S.-Canadian borders. We talked in detail about the need for harmonized health standards, Canada's need to recognize our tuberculosis (TB)-free status and that bluetongue is not a disease of economic concern.

That afternoon, we had a White House briefing from the Department of Interior and Department of Homeland Security. We were briefed on the current agenda the President has set on post-BSE time, getting trade back on track in the very near future and eliminating unneeded environmental laws that hinder our industry. It was echoed to us many times that our President is a cowboy and, therefore, knows giving producers less regulation often preserves the land more than additional regulation.

After the White House briefing, we headed to NCBA's Washington office for the YCC wrap-up session. There, we reflected on the volumes of industry knowledge that had been shared with us during the past nine days, the many new industry contacts we had encountered, the multiple segments of the beef industry we had been exposed to and the leadership skills we had developed.

Most importantly, we had learned that the industry is a lot bigger than the pasture or the feedlot on "the back 40." Every single YCC participant commented that they have never been involved with a more dynamic beef industry function. I know these nine days of YCC will enhance my involvement and, hopefully, my destination in the beef industry.



▶ Participants received a one-on-one White House briefing with Barry Jackson, special advisor to the President; Asa Hutchinson, undersecretary for border and transportation security, Department of Homeland Security; and Steve Griles, deputy secretary, Department of Interior.