

## Angus position in beef industry assessed at June meeting



### Highlights

- Financial figures given
- Association and response measured
- Addition approved to sales terms
- ROV point structure modified
- Branded beef discussed
- Judges named for National Western
- Milk EPD to be published

The meeting of the Board of Directors of the American Angus Assn. was called to order at 8:15 a.m. on Monday, June 15, 1987 by President Joe Neely in the board room of the Association. The following officers and directors were in attendance: Joe Neely, president; A. Harvey Lemmon, vice president; Richard L. Spader, executive vice president; Gary Dameron, treasurer; Tom Drake, Richard Jansen, Paul May, Paul Meier, Joe Bill Meng, Fred E. Smalstig, Andrew C. Starr, Keith Stevenson, Paul Stueland, Robert Thomas, Vance Uden, and H. Wayne Wyble.

Mr. Conrad Grove was present for the meeting but was called home because of a death in the family.

Also in attendance were Richard E. Wilson, Donald R. Painter, John R. Crouch, Keith E. Evans, Dean R. Hurlbut, Mark L. Wyble, Marcia Chamberlain, Bob Chern, Don Laughlin, John Barton, Dr. Terry Goehring and Anne Gawatz from the Association staff and Terry Cotton and Jim Cotton from the *Angus Journal* staff. Also in attendance was Leland J. Badger, (Jenner & Block Law Offices), General Counsel.

### Report of Executive Vice President Richard L. Spader:

The past three months, since our March Board meeting, have continued to set pace with the first four months of the fiscal year. I'm sure you have been following the statistical report closely. Registrations through seven months are 13.2 percent above a year ago, transfers are up 6.17 percent, junior membership 2.92 percent and A.I. Certificates 17.44 percent. Along with this, Certified Angus Beef has increased 70 percent with sales

over three million pounds nine out of the last ten months. The one area of decline has been membership, but with additional efforts, we have shown an increase of between 10-15 percent for the past two months.

The bottom line that Treasurer Gary Dameron will review will show a consolidated profit over \$700,000 for the first seven months.

One major effort the past three months has been the Herd Reference Edition of the *Angus Journal*. Terry Cotton anticipates 50-75 pages over a year ago and a book of approximately 605-615 pages. I think we need to feel good about this effort of our Regional Managers and office staff and with the amount of four color in the book, it should be quite a profit center for the organization. More important, the Herd Reference issue is the best read of all our publications and is a good barometer of breed activity.

You'll also be interested in Jim Cotton and Dennis Jeffers' summary of the *Angus Journal* readership survey.

The upturn in business is quite impressive and I think we need to be thank-

ful that this has come at a time when you've approved staff expansion. Since March we've added three new staff personnel: Terry Goehring as Certified Angus Feeder Manager, starting July 1; Homer Recio, Processing Coordinator and Brent Eichar, Assistant Retail Coordinator for Certified Angus Beef. At present, we are full staff in the Association and *Angus Journal*.

I have already distributed a report from the auctioneers and sale managers meeting held last week and, again I consider this a meaningful opportunity to communicate with a special group in our industry.

In addition, the staff and I have discussed the possibility of national meetings or forums starting in 1988. Public Relations has reviewed this subject and we feel it's timely to look at this type of national activity over a 3-4 year period. A report of that effort will be coming from Public Relations.

In general, breeder input has been limited but that reflects a busy spring season for members.

Breeder attitudes seem extremely good as I have attended numerous activities this spring.

With the reaction from breeders, the level of activity in sales, and the positive assessment during the sale managers and auctioneers meeting, I believe we have reason to anticipate an upsurge in our business for 3-5 years or more.

Far be it from me to become overly optimistic when one should look at all aspects of the ag economy—but recent positive Angus trends from the packing and feeding industry, plus that of increased Angus bull and female sales

leaves me feeling very good about this industry and the share of the market we'll attain in the years ahead.

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*The following is a review of the topics discussed and action taken during the quarterly Board meeting:*

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### **Executive Committee:**

The Board reviewed group health and life insurance proposals and decided not to offer a group plan to members.

Dean Hurlbut reported on mouthing of open and junior shows at the 1987 Western National Angus Futurity. Letters of caution were mailed to owners of four animals showing dental development approaching allowable limits.

Request for waiver of A.I. Service Certificates to record animals owned by California Polytechnic State University was refused.

### **Finance Committee:**

The Finance Committee reported an excess of revenue over expenses for the eight-month period ending May 31, 1987, of \$678,189.35. This represents a turn around in the Association's financial condition and is primarily the result of increased activity in the areas of registration, transfers, A.I. Certificates, and Certified Angus Beef.

The Committee discussed the existing policy pertaining to the Association's investment portfolio and instructed the staff that GNMA's (Government National Mortgage Association) were an acceptable alternative for the investment of Association funds.

A request for additional memory and a disk controller for Data Processing equipment was approved by the Committee.

The Committee recommended the full board of directors of the Association become more familiar with the Certified Angus Beef program and that a visit to a major packing company and feedlot be planned in connection with the September Board meeting.

### **Breed Improvement Committee:**

A proposal for National Sire Evaluation carcass testing from Kansas State University was endorsed. Kansas State personnel will supervise feeding and collect necessary carcass data for breeders at a predetermined price. Details will be forthcoming.

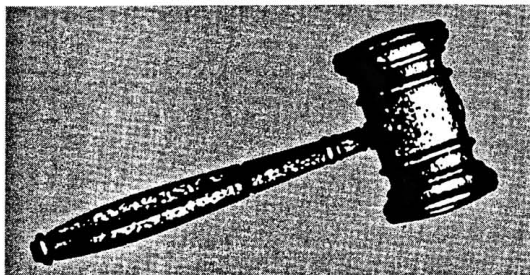
Allowable limits for time between weigh dates for cattle in the same contemporary group was set at three days. This will apply to 1987 cattle evaluation and daily AHIR records.

Expected Progeny Difference will replace Estimated Breeding Value on performance registration certificates, Angus

performance pedigrees, and AHIR forms in the fall of 1987.

Funding in the amount of \$4,000 was granted to Iowa State University for a research project relating to pre-slaughter testing for marbling and fat thickness.

Special guests in attendance in addition to Dr. Doyle Wilson were Dr. Gene Rouse, Iowa State University; Drs. Larry Corah and Dell Allen, Kansas State University; and newly appointed CAF Manager, Dr. Terry Goehring.



### Public Relations Committee:

Readership on the Angus ads in 1987 was above average, based upon three readership studies reported to the Board. In *Farm Journal*, 87 percent remembered seeing the ad; 56 percent read some of the ad; 26 percent read most of the copy. In *Successful Farming*, 73 percent remembered the ad and 22 percent read most of it, while in *BEEF*, 68 percent recalled the ad and 49 percent read half or more of the copy.

The Board studied a proof of a new ad that will run in the June 18 issue of *Drovers Journal* for Litvak Meat Company saying "We'll pay extra for your Angus cattle." The copy says Litvak will give \$1 premium for carcasses that make CAB and an additional \$1 for all Prime carcasses. The Association pays half the cost of the ad and other packers may join the program. The Board approved a \$30,000 increase in the 1987 ad budget to cover this and other advertising for the rest of the fiscal year.

Plans for the 1988 fiscal year call for a continuation of the current program. The current ads will be updated to place more emphasis on the value of the Sire Evaluation Report. Two new ads will be developed, possibly on CAB, and featuring an order buyer or commercial cow-calf producer.

The Board approved a tentative 1988 advertising budget of \$300,000.

### Planning & Industry Committee:

Bob Chern reported 31 Angus Herd Management systems have been installed and that interest has been good. Plans have been made to demonstrate the software again this year in Louisville in November and Denver in January.

A request for creating a shorter reg-

istration number preceded by an alpha prefix to simplify record keeping paperwork was presented, but no action was taken as implementation would require considerable changes to the Association's computer system.

The creation of general guidelines for states to use in implementing state association sponsored feeder sales was considered. Because of the diversity of situations in each state, the Committee felt state associations that were interested could contact the Association and receive copies of guidelines already set up by Virginia and Tennessee. It was also noted that extension services in each state could also lend valuable assistance.

### Rules & Arbitration Committee:

The following addition was approved for the Suggested Sale Terms and Conditions:

"PART 2 SUGGESTED SALE TERMS AND CONDITIONS—OPTIONS AND PRIVILEGES OR RETURN OR ADJUSTMENT

7. If an animal is sold, and at a later date, proves not to be eligible for registration under the Association rules, the seller shall be obligated to make a satisfactory adjustment on the purchase price to the buyer, or at the buyer's option refund the purchase price upon the return of the animal to the farm of the seller.

Any expense incurred for transportation shall be the responsibility of the purchaser, except that the seller shall be responsible for the transportation costs in excess of the distance between the purchaser's farm and the location where the sale took place.

8. If an animal is sold and through blood typing is proven to have incorrect parentage, as represented by the certificate of registration, and for which parentage can be determined, the seller shall be obligated to make a satisfactory adjustment on the purchased price to the buyer or, at the buyer's option refund the purchase price upon the return of the animal to the farm of the seller.

Any expense incurred for transportation shall be the responsibility of the purchaser, except that the seller shall be responsible for transportation costs in excess of the distance between the purchaser's farm and the location where the sale took place."

The Board approved the initiation of a drug testing program.

### Activities Committee:

Atlantic National: For a first time show, things went very well and was one of the larger shows of the year, 268 head, both junior and open, including steers. It was

requested the 1988 show be a Super ROV show. In view of the quality and potential of the show, the Board approved the 1988 Atlantic National be a Recognized ROV Show, bringing the total to 11.

National Western: The National Western Judges Selection Committee approved Jim Bright, LeGrand, Calif. as first choice to judge the Angus breeding cattle "on the Hill" and Eldon Krebs as second choice. Keith Russell, Les Leachman, and Jim O'Neill were approved to judge the carloads and pens. The junior Angus heifer show will be before the open female show on Friday. This should be a positive move from the second week.

National Show: The 1989 National Angus Show will be held in Denver at the National Western.

ROV Program: In the 1987-88 ROV show year, points for Sire of the Year, Dam of the Year (natural and E.T.), and Breeder of the Year will be accumulated for all the ROV shows rather than the top two Super Shows and top three Recognized Shows, as was done in this 1986-87 season.

Six Head Classification: The eligibility for participation in the Breeder Six Head class was discussed at length in regard to partnerships, co-ownerships, and memberships. This was tabled until the September Board meeting for final decision.

The Committee reviewed a bred-and-owned entry concern where a membership for a bred-and-owned entry included a farm name and junior name as breeder. The Committee interpreted the rule for bred-and-owned to include only the breeder (junior showman) on the pedigree as breeder along with the owner or co-ownership in order to compete.

JUNIOR ACTIVITIES: Western Regional, Reno: Numbers were down but it was a good show with 63 head. Northwest Regional Preview, Pullman, Wash.: 51 head shown, lots of new Angus breeders.

The Northern Plains Regional Preview in Rapid City, S.D., Razorback Regional Preview in Fayetteville, Ark., and Eastern Regional Junior Show, Jackson's Mill, W.Va. produced a record total of 333 entries.

National Junior Show, Indianapolis: A big show promising lots of activities. 861 head are entered from 31 states and Canada with 463 owned heifers, 186 bred-and-owned heifers, 49 bulls, 14 cow-calf pairs, and 149 steers.

Guidelines for hosting future National Junior Shows: The present and past few National Shows have competed as to who could collect the most money for the event. Many feel it is time to return to reality and have a show with more educational events. Recommendations for the future: discourage excessive fund-raising activities and help hold show costs down.

Summer Job Program: Seven young

men and women were placed on farms and ranches this summer.

**Gold Awards:** Of 18 juniors eligible, 11 have already qualified.

**National Junior Angus Assn.:** 13 candidates have entered the race for the six upcoming vacancies on the NJAA Board.

**Leadership Conference:** Harmony Hills Angus Farm, Lebanon, Mo. is hosting a leadership conference, June 16-18.

### **Old Business:**

Wayne Wyble, Chairman of the Rules and Arbitration Committee, reported on the arbitration case between Waldeck Farm, Crestwood, Ky. and Kenneth Haas, LaGrange, Wyo.

Milk EPD will be published on all bulls in the 1987 Sire Evaluation Report.

### **Angus Productions Inc.:**

Regular advertising space for year to date is within 1.2 percent of budget.

The Herd Reference Edition is targeted for July 1 mailing. The issue promises to be one of the most colorful with 118 pages of four-color. Total size of the issue is 610 pages, including inserts.

Dr. Dennis Jeffers and Jim Cotton reviewed the *Angus Journal* readership and advertisers survey.

*Angus Journal* has produced a net income of \$27,316.99 for the year to date. A survey of participating breed magazines concerning circulation and cost per 1,000 readers reveals the *Angus Journal* ranks among the lowest on a cost-per-reader basis enhancing the value of the Angus advertising dollar.

### **Certified Angus Beef:**

H. Wayne Wyble, Chairman of the Board of Certified Angus Beef, gave the following report: The Certified Angus Beef Board met on May 28 and May 29, 1987, in Cleveland and West Salem, Ohio. Members present were: Harvey Lemmon, T.D. Steele, Richard Janssen, Bob Hillier, Richard Spader, Director Mick Colvin, Bob Van Stavern and CAB staff.

With the two new members of the Board—Janssen and Hillier—considerable time was spent reviewing and updating all aspects of CAB.

Dr. Bob Van Stavern presented information and discussion followed, regarding recent beef industry trends and movements that may affect the future of CAB, including other branded beef programs, packer specifications, hot fat trimming on the kill floor, uncoupling of yield and quality grades, changing USDA Good to USDA Select, packaging innovations, and corporate packer buyouts. Additionally discussed were suggestions on how to better solidify the CAB distributor relationship with the CAB program rather than the packer.

On display was an array of CAB promotional material available to CAB distributors, restaurants, and retail stores. CAB staff presented the various items and briefly discussed their uses.

Mary Ferguson reviewed all reports, as well as checks and balances in monitoring procedures involved with CAB product flow from acceptance to the consumer level.

Bill Wylie gave an update on the current status of CAB food service sales and presented information on distributor involvement in promoting CAB. Wylie reported a 46 percent increase in food service sales for the first half of fiscal 1987 over the same period in 1986.

Brent Eichar presented information pertaining to CAB retail sales, current status, and plans for future expansion. Eichar reported retail sales presently represent approximately 50 percent of CAB volume sold. Eichar also discussed the computer program which will be utilized to further track CAB sales at the distributor level for both retail and food service.

Mary Ferguson reported on fiscal year 1987 utilization of CAB promotional dollars and presented ideas for future projects to promote and advertise CAB at both the trade and consumer levels. Ferguson also reported on a research project proposal from Colorado State University, which would entail testing CAB against commodity and "natural" labeled products presenting a wide range in marbling degrees. Comparisons and contrasts to be made in the research would include: fat content (saturated vs. unsaturated), caloric content, cholesterol content, effects on aging, microbial counts, and palatability determinations.

Mick Colvin gave an update on the current status of CAB packer identification and certification numbers. Colvin discussed the present extreme by current status of feedlots that has reduced CAB acceptance 30-40 percent creating a very tight supply of CAB. Bob Hillier also commented on the feedlot status and present Choice/Good price relationship.

Colvin updated the Board on new packers presently being considered for CAB and presented a review and update for the 1987 fiscal budget. Colvin explained that both income and expenses would exceed budget projections, but in that the net gain was very close to budget, no action was taken by the Board. **AJ**

