

Producer alliances that include a *Certified Angus Beef*™ premium in their marketing grids are natural allies of the Certified Angus Beef (CAB) Program's Feedlot-Licensing Program (FLP).

These cooperatives and information-based associations have similar goals of enhancing beef quality and profit potential, so cooperation with the CAB Program comes naturally. Producers don't have to pay double fees to be involved in both an alliance and the FLP.

To the extent that any alliance duplicates services that would otherwise be provided by the FLP, the per-head fee associated with enrolling FLP cattle will be reduced from \$2/head to 25¢/head. That's in cases where the alliance has unique animal identification programs, as well as feedlot and carcass data flow, and where these areas are entirely covered by the alliance, explains Larry Corah, the CAB Program's assistant executive director in charge of supply development.

In addition, if Angus-type cattle are in an alliance that meets all other FLP guidelines but have no uniform individual identification system or specified market outlet, such cattle will carry the unique CAB Program ear tag. If all other information flow needs are met outside the FLP, the per-head fee will be 50¢/head, which includes tags.

#### Maintaining relationships

Cattle feeders who are licensed partners in the CAB Program often have a background of working with alliances and may continue to do so, Corah notes.

Darr Feedlot, a 28,000-head yard near Cozad, Neb., is one of those. "You name the alliance program," says manager Craig Uden, "and we've probably had customer cattle in it."

Structured grid marketing has been a common feature of the alliances, and Uden sees an evolution in the targets toward cattle that excel in all areas. "Some alliance grids pay more



# Natural Allies

*Through its Feedlot-Licensing Program, the Certified Angus Beef Program is coordinating efforts with similar-minded alliances to expand producer services, streamline costs and increase producer profit potential.*

BY STEVE SUTHER

for *Certified Angus Beef* and Prime carcasses, others more for yield — but, anymore, there's a balance in that. A quality grid won't penalize you for having yield, too."

Regardless of the grid, Uden says, "The bar has been raised.

All the benchmarks have been moved up in the last few years. It takes a higher percentage of lean cattle and Choice cattle to get the premium."

Access to alliance grids is increasingly important, Uden points out. "It's hard to move



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**Access to alliance grids is increasingly important, says Craig Uden, manager of Darr Feedlot, located near Cozad, Neb.**

cattle on the open market in the last few years unless they've got grade and conformation. We're starting to see a shift in commodity beef, with cutability leading the way to value-based marketing.

"Part of the reason is that there is only so much of the carcass that can be moved as primal cuts, and cutability goes from one end of the carcass to the other. The growing demand for high-quality middle meats, especially *Certified Angus Beef* product, is behind the push to find cattle that do it all."

There are significant rewards for such cattle marketed through alliance grids. "We cut some Angus steers the other day that weren't on feed very long. Gain was excellent. Dressed yield was great. Quality grade was up there, and there was a really high percentage of Yield Grade 1s and 2s.

"I couldn't have marketed those cattle on the open market without a program. I knew the information and how well they'd do, and we probably made an extra \$20 per head on the cattle in the quality and yield grade premiums. Without the program grids, buyers always want to make them extra fat in order to protect themselves on the grade, and that is not good for the industry," Uden notes.

#### Superior genetics

Since most customers have joined alliances in the hope of getting premiums, real genetic progress becomes ever more critical. The CAB Program helps in that area, Uden adds.

Feedlots associated with some alliances have similar access to genetically superior Angus and Angus-cross cattle. Uden says, for example, the Nebraska Corn-Fed Beef Alliance is starting to work more in those areas of supply development. Still, he and other partner yards look to the FLP connection to enhance those efforts within alliances and open entirely new avenues in quality procurement.

Joe Greig, owner-manager of Greig & Co., Estherville, Iowa,

has long believed the alliance road is the one the beef industry needs to take. He only recently joined the Iowa-based Precision Beef Alliance (PBA) but was elected to its board of directors last winter, just before licensing as one of the first CAB Program partners.

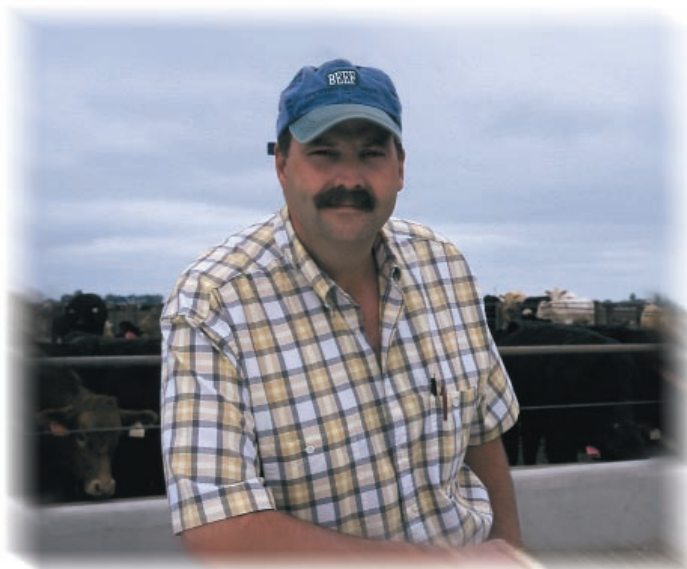
#### End-product focus

“We need to focus on the end product. The CAB Program has done that for 21 years and [has] been very successful at it,” Greig says. “For the person who controls the genetics — the rancher — to focus on that, there needs to be some kind of a payback. I see the alliances, like PBA, working hand in hand with the CAB Program in data collection. Together we can get that back to the cow-calf producers to see where they are now and use the database to help tailor genetics to supply the consumer with a product that’s more desirable.”

The 2,500-head northeastern Iowa yard is usually 50% customer cattle, Greig says. “We buy some source-verified cattle, but also some put-together.” Interested in predictable performers, Greig would like to find more feeders like one of his retained-ownership customers in particular.

“He has chosen some carcass genetics in bulls for the last few years; and last year, through PBA, we were able to channel those cattle through a market where he could see a little economic benefit for those efforts. This producer has an Angus base to his herd, so with our new Certified Angus Beef [Program] connection, we should really be able to realize some benefits for the direction he’s been taking those cattle,” Greig says.

He also has had discussions with an Angus seedstock producer on “how we can set up cooperation between this yard, he and his bull customers and some of my customers who are looking to buy cattle — kind of a mini-alliance,” he notes. Such a network can set up its own data collection or simply use the



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\$2/head services of the FLP. More detailed carcass data is also available through the FLP for a higher fee.

#### Quality assurance

Alliances often have guidelines for quality assurance — PBA’s recommending the

Iowa Cattlemen’s Association program, for example. However, the CAB Program goes beyond such recommendations with specific and ongoing advice.

That’s based on both its own growing database and ongoing research, says John Stika, assistant director for feeder-

packer relations for the CAB Program. “Targeted quality assurance moves beyond production issues to the kind of sorting, management and nutritional practices that our databases determine will enhance *Certified Angus Beef* acceptance rates,” Stika says.

Greig and Uden say customers appreciate the fee policy, too.

“Anytime you’re out talking to a rancher and it’s \$4 here and \$5 here, they start asking how they are going to get that back,” says Greig, “so we’re really glad we worked this out so that there is no double-billing when they are working with the alliances.”

Of course, there are also many promotional advantages for feedlots to become licensed, Corah points out.

#### Long-term links

Another key factor is simply potential. “Only licensed FLP partner feedlots can look forward to creating long-term market linkages with licensed CAB Program partners in the retail, international and food-service segments of the industry,” he notes.

The CAB Program has established a strong and growing demand for its product, and it needs producer partners who want to join the successful future to be enjoyed by meeting that demand, Corah says. Gaining those partners who have worked on being consumer-focused through existing alliances has some value, which is one reason for the greatly reduced fee structure.

“Through cooperation, many other areas of common interest may be advanced, including those that relate to producer education, advice in specific genetic solutions, information sharing, and understanding consumers,” Corah concludes.



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