

# Beyond the Basics

*Producers need to know what happens after their cattle become beef, just as end users need to know what happens to live cattle.*

BY STEVE SUTHER



PHOTO BY MATT CALDWELL

Jerry Pfeiffer and family of Orlando, Okla., hosted the group of licensed retailers for a tour of their 400-cow, 93-year-old seedstock ranch.

**T**he beef industry often has been criticized for its segmentation on both sides of the packinghouse door, with each segment having its own "island mentality."

Certified Angus Beef LLC (CAB) is ideally situated to bring about greater understanding and communication between the live-cattle and beef-product segments. With that comes quicker adjustment to changes in supply and demand and greater opportunity to work together.

That means staying on target even as the target moves. A series of CAB seminars by the Foodservice, Feeder-Packer Relations, Retail and International divisions serves to educate and inform licensees from every corner of the beef industry.

At last spring's "Beyond the Basics" seminar in Stillwater, Okla., licensed retailers were presented the basics of cattle production by Feeder-Packer Relations Director John Stika. They quickly progressed to ranch tours of Pfeiffer Farms and Oklahoma Beef Inc. (OBI), then to Oklahoma State University (OSU) for live cattle evaluation.

Attendees, including those from Bermuda and Canada, listened as Stika first explained the role of licensed packers and the certification process, then outlined the means by which CAB ties the segmented beef industry together through functional integration of licensees and their customers.

Stika told them the nation's 34 million cows are scattered around in herds that average 39 head. The feeding industry that fattens calves from those herds is much more concentrated, yet it still lost \$3 billion in equity during the disastrous mid-1997 to early-1999 period. Part of the losses stemmed from feeding cattle of unknown genetics and management background, he noted.

By working together and sharing information, cattle production segments can gain efficiency and profitably raise exactly what consumers

want, he concluded. The focal point of that effort is the CAB Feedlot Licensing Program (FLP). Its aim is to mesh Angus genetics with appropriate management to optimize both performance and carcass merit.

## Registered Angus ranch

Jerry Pfeiffer and family of Orlando, Okla., hosted the group for a tour of their 400-cow, 93-year-old seedstock ranch. Pfeiffer explained how he aims for low-cost production and uniformity by "breeding likes to likes" in an artificial insemination (AI) program. Last winter, 40 of his heifers calved within three days, virtually all of them within two weeks. Constantly seeking better genetics, Pfeiffer sells 5-year-olds to replace them with improved heifers.

He told the retailers production costs continue to rise, but farm income is trending the opposite way. "It took us \$130/acre to grow wheat for \$120/acre income," he said, so most cropland has been converted to ryegrass pasture for stocker cattle.

"If not for the CAB Program, the whole beef industry would be a disaster," he said, referring to the recent improvements in consumer demand. Still, Pfeiffer said he'd like to see more of the reward for producing the right cattle. Referring to that 39-head average-cow-herd-size statistic, he noted 95% of the registered Angus



PHOTOS BY STEVE SUTHER

Participants evaluated four steers live, then on the rail.

producers in Oklahoma “don’t make a living at it” — it’s a sideline.

Later, in a panel discussion, Pfeiffer said the biggest challenge he faces is doing a better job of marketing quality cattle. “The challenges are going to be more demanding over the next 10 years, with fewer and fewer of us involved in agriculture,” he added.

### Guessing game

At OBI, manager Tim Stidham explained why seedstock producers test bulls and how 16,000 of them had been evaluated at the facility, making it the second-largest bull test in the United States. The group viewed pens of Angus bulls on test, their individual performance being tracked. Angus make up more than 90% of OBI’s business.

Then, at OSU, animal scientist Bob Kropp discussed cattle improvement through selection and guided the group through a judging exercise of four steers that would be processed that afternoon. The carcass proof would determine the accuracy of the live cattle evaluations.

Admitting even veteran evaluators make mistakes that “seem like missing a 4-pound chicken by 4 pounds,” Kropp said the key is the experience of judging and comparing live animals to carcasses. With that disclaimer, he explained why one steer seemed like a low-Choice, Yield Grade (YG) 3, another perhaps Select, YG 2.

Carcass reality the next day proved all steers were fatter than they looked, with the first two coming in as YG 5s and the others tied at YG 3.8, including one eligible for *Certified Angus Beef*<sup>™</sup> (CAB<sup>®</sup>) acceptance. A low-Select steer with 0.8 inch (in.) of backfat and a 931-pound (lb.) carcass weight had the highest carcass value. However, that was just \$22 above the 100-lb. lighter CAB carcass, which was the only one worth more as a carcass than as a live animal.

Kropp noted everyone “missed” the class of steers. Skilled cattle buyers make similar mistakes, he added.

Jim Riemann, CAB president, emphasized the advantage licensed partner feedlots find when they sort cattle to sell as individuals. “The more tools we can get into producer hands, the fewer cattle we will get like steers 1, 2 and 4.” He added that although one steer would achieve CAB acceptance, “we aim for Yield Grade 2, not the upper 3s.”

### Panel discussion

Pfeiffer served on a panel that answered questions after lunch. Joining him were Rick Dawrant, category-management consultant for Blattberg, Chaney and

Associates, Chicago, Ill.; Davey Cusack, sales manager of Cusack Meat Co., an Oklahoma City CAB foodservice licensee; Al Kober, meat merchandising manager for Clemens Market, Kulpville, Pa.; and Bill Kuecker, retail coordinator for the packaging firm Cryovac.

Cusack, a licensee since 1985, commented, “I have yet to lose a taste test with *Certified Angus Beef*, so it is kind of an insurance policy with the hotel trade to buy this and have a happy customer every time.” Cusack is venturing into the value-added, co-branded retail area with a CAB brisket product this year.

Asked if CAB sells at a premium to USDA Choice, Cusack said it does and should because it is more pleasing to consumers. Kober agreed, saying CAB-licensed restaurants are a retailer’s “best allies” in advertising. Consumers try the premium product at the restaurant and look for it at retail.

“There is no way we can replicate that dining and entertainment experience, but we don’t compete, we complement. If the restaurant manager tells them it is CAB, it helps my sales in the store.”

Kober noted the concept of branded, case-ready beef has been around for 30 years, “cut in the back rooms” of supermarkets. “Some producers are trying to re-create the wheel by coming out with branded beef — we’ve already got it,” he said. “One of the neat things about CAB is that it has allowed us to ride along with

their reputation and ours. And ours is better than a retailer with some other brand because ours is *Certified Angus Beef* and theirs isn’t.”

### The CAB<sup>®</sup> opportunity

Dawrant added, “CAB has a great opportunity since consumers are so confused. When one in four steaks is not a great eating experience, they equate that with the store. On the other hand, when they see *Certified Angus Beef* on the restaurant menu and again in the retail store, they buy with confidence.”

Many retailers have tried to serve customers with a steady diet of least-cost, lean beef, Dawrant said, giving them no real choice but to buy other proteins. Those other alternatives aren’t more convenient than beef, just harder to damage in cooking. “That is CAB’s opportunity, to walk in and take back that market for beef. I think the momentum is there to capitalize on that, in place of programs that have price as the main attraction.”

Kuecker said the busy lifestyle of working women has had a big effect on retail meatcases, and Dawrant noted that as one more reason consumer loyalty goes to the program that can deliver “idiot-proof” consistency.

Cusack said the same concern exists in restaurants, where skilled cooks are hard to find. “We gain customers by making sure all they have to do is open a single package, put it on the grill, watch it, turn it two times and put it on the plate.”

### Cattle nutrition and hormones

Shifting gears to the care and feeding of live cattle, the group heard from Clint Krehbiel, ruminant nutritionist with OSU’s Sparks Center. Krehbiel covered everything from the evolution of the species to cattle diets and management systems.

Krehbiel explained the role of antibiotics, ionophores and growth implants, noting that 90% of fed cattle consume ionophores. He said these and other feed-grade antibiotics don’t cause problems with resistance in treating human infection because they are not used in human medicine.

He also put growth implants in perspective, with estrogenic implants being common to 90% of fed cattle. A typical boy or girl produces 41,000-54,000 nanograms (ng) of estrogen per day, and adult males and females produce 136,000 and 540,000 ng, respectively. A pregnant woman produces 20 million ng of estrogen daily. By comparison, a pound of beef from an implanted steer has about 11 ng of estrogen.



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The group saw a demonstration of "GloGerm," a technology that uses ultraviolet light and florescent bacterial cultures for beef safety training.

"Education is the key, communicating the facts about hormone implants and relative fat content of trimmed beef portions," Krehbiel concluded.

#### Safety first

Participants gained firsthand experience in beef production safety. One of the four carcasses from the previous day showed some dark-cutter characteristics, which Morgan said is correlated with a higher pH, which leads to higher bacterial counts — another reason CAB carcasses are screened to avoid dark cutters, besides being unattractive to consumers.

Morgan noted research shows carcasses are nearly 10 times more likely to contact *E. coli* O157:H7 bacteria from fecal material on the hide than from inside the animal. That leads to concerns about how to control mud and manure at the farm and feedlot, he added.

New technology uses ultraviolet light and florescent bacterial cultures for beef safety training. The group saw a demonstration of this "GloGerm" system

(see [www.glogerm.com](http://www.glogerm.com)) and how easily knives, aprons and meat cuts are cross-contaminated. Cloth aprons and towels in particular were shown to spread germs.

"Don't get me wrong," Morgan reassured the group. "The chance of finding [O157:H7] in a plant is virtually zero, and alfalfa sprouts are a bigger problem anyway — but right or wrong, beef is associated with this problem, and this is information you need to know."

#### Industry overview

OSU meat scientist Brad Morgan, several licensed CAB retailers, Dawrant and Riemann discussed understanding the consumer, industry trends and projections for the future.

Morgan talked about how food safety assurance ideas in meat processing could be applied to the whole industry in a "Palatability Assurance Critical Control Points" system, including live cattle management.

He explained the chemistry and physics of cooler chills, aging, and contributors to

toughness, then moved on to the damage done by injection-site lesions, "things done to a baby calf 365 days before slaughter" that create toughness in the beef muscle.


Morgan said every sector of the beef industry must focus, not only on some faceless "consumer," but specifically on their customers. "Safeway knows, for example, that a loyal beef customer with a family of four will spend \$4,800 per year with them. But how do they keep a loyal customer?"

"A lot of people talk about being 50% branded by 2005," Morgan continued. However, he says there is no advantage to branding commodity beef. "We have to differentiate the good from the mediocre, and that is what CAB does."

Dawrant compared a retail wine case to a typical meatcase, noting that with the "sea of colors, confusing names, random product placement, no instructional help and a limited range of items sold," consumers default to sale items.

Today's consumer, lacking cooking skills, limits purchases to a narrow range of cuts, Dawrant said, and broadening sales will require a combination of recipe information and value-added, heat-and-serve products. Retailers can attract more consumers with brands that satisfy consistently so the meat counter becomes a destination, he concluded.

Riemann said continued CAB success "depends on Angus producers' complete understanding and commitment to the Certified Angus Beef mission on the one hand and becoming that destination product for consumers at retail and foodservice on the other."

The take-home message for retail seminar participants was that, through their relationship with CAB, they are part of the whole beef industry. Knowledge gained serves to help them understand the agriculture and science behind CAB quality and the advantages of offering this leading brand to their customers. 

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