

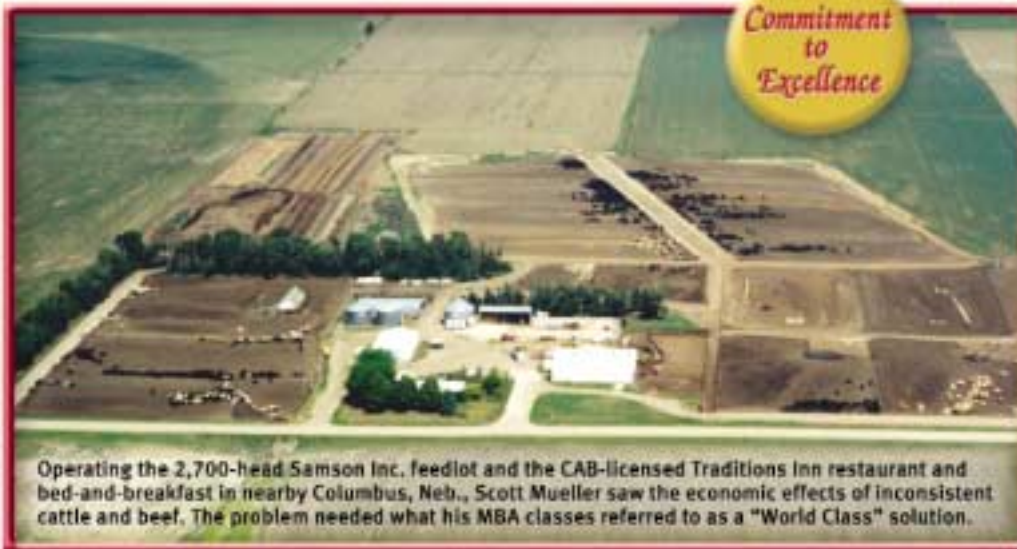
World-Class Feeder Still Stands Out

Samson Inc. unveils its branded production system and repeats as the CAB Progressive Partner.

by Steve Suther

"One reason to strive for the world-class standard is to gain strength within the beef industry. We seek cooperative relationships that will work to create value for the entire conception-to-consumption system. We can build value by reducing costs and differentiating our product."

**—Scott Mueller,
Samson Inc.**



Operating the 2,700-head Samson Inc. feedlot and the CAB-licensed Traditions Inn restaurant and bed-and-breakfast in nearby Columbus, Neb., Scott Mueller saw the economic effects of inconsistent cattle and beef. The problem needed what his MBA classes referred to as a "World Class" solution.

Sure, they were good cattle. Predominantly Angus-influenced market toppers at the auction, the 125 steers proved their worth in the feedlot. Then the finished animals sold on a new pricing grid negotiated with

ConAgra Beef and came in at 31.2% *Certified Angus Beef*® (CAB®) acceptance, with none too fat, thin, tall or short.

"We look forward to trying them again," says Scott Mueller, manager of Samson Inc., Platte

Center, Neb. In a break with tradition, he says, "The producer will know how they did before we bid at the auction this fall."

Share good news about cattle before you bid? Such an idea must come from "outside the

box." But you know Mueller if you read about the Certified Angus Beef LLC (CAB) Annual Conference awards last year. His company won the first-ever Progressive Partner Award in 2000 for best use of strategy, creativity in procurement, information sharing and educational efforts.

A year later, with twice as many licensed Partners in the CAB Feedlot Licensing Program (FLP), "Samson still stands out," says John Stika, director of CAB feeder-packer relations. "It's obvious that Scott is constantly thinking how he can differentiate himself as a small feeder to be competitive in the industry, while providing profit opportunities for his customers. That's why Samson wins awards — not only for thinking outside the box, but for acting on those ideas."

The relatively small company with "world-class" gumption repeats as Progressive Partner of the Year for 2001. Mueller and his wife, Pat, will receive the award at the CAB "Catch the Spirit" Annual Conference in San Antonio, Texas, Sept. 13-16.

Branded system

Mueller rolled out a "branded production system" this summer and invited other CAB feedlots and like-minded producers to join him in the Samson Premium Beef (SPB) alliance. The SPB-ConAgra grid pays a \$3/hundredweight (cwt.) CAB premium, but it is unique in adding 50¢/cwt. for feedlot source-verified or \$1/cwt. for known farm or ranch origin. It features a \$10/cwt. Prime premium across all yield grades, counterbalanced with \$5 and \$3/cwt. premiums for Yield Grade (YG) 1s and 2s.

SPB requirements include electronic identification (EID) no later than weaning, cross-referenced with production and health data. Backgrounding yards and other non-CAB finishing yards can participate on a pen-by-pen approval basis, Mueller says.

"We have a good, solid grid, and we're tracking a lot of

information,” he says. “But we want to look beyond that to work together and make everything better. That’s part of our goal to be a world-class cattle company.”

World class

The idea for SPB came from Mueller’s operating the 2,700-head Samson Inc. feedlot and the CAB-licensed Traditions Inn restaurant and bed-and-breakfast in nearby Columbus, Neb. He saw the economic effects of inconsistent cattle and beef in the production system.

The problem needed a “World Class” solution. Mueller learned about the concept at MBA (master’s of business administration) classes and saw it as a good fit in the world of beef production.

He planned to harness the idea to facilitate the flow of cattle from conception to consumption, providing process-verified premium beef to consumers while improving the value chains of SPB cooperators and network affiliates. Besides interested producers, those include CAB, ConAgra and Purina Mills Inc. “World Class is an evolutionary step beyond total quality management (TQM),” Mueller explains. “To make that step, we must have continuous improvement and continuous learning, supported by information systems, and we must be able to react quickly to opportunities and threats.

“One reason to strive for the world-class standard is to gain strength within the beef industry,” he adds. “We seek cooperative relationships that will work to create value for the entire conception-to-consumption system. We can build value by reducing costs and differentiating our product.”

Communication is a key ingredient in the envisioned organization. “Each segment — cow-calf, backgrounder, feeder — can be individually hardworking and effective, but working together we can capitalize on our strengths to maximize cattle performance all

the way through to the consumer,” Mueller says.

SPB aspires to industry leadership at every level, its affiliates seeking “world-class status” at each stage of beef production, he says. “In a premium market, you cannot take poor-quality cattle and make them better. People may buy commodity cattle and try to make them better — but when harvested, you still have commodity cattle due to the variation.

In a premium system, we identify cattle that don’t fit early on and move them out to other programs so we can develop consistency and uniformity to achieve premium target markets.”

Cattle that do fit the SPB ideal — preferably Angus-influenced — will find a rewarding value-based market. Taking it to the next level, the SPB grid pays premiums for process verification and can return individual data and dollars to the ranch even with a change in ownership.

Process verification

“Process verification is a step beyond source verification,” Mueller says. The first cattle going through the system this summer were source- and process-verified from the feedlot level only, but Mueller sees that moving to a 50-50 balance with ranch-of-origin premiums and eventually 75%-80% source-verified to the ranch.

In a few years, when total SPB production reaches 4,000 head/week, Mueller says the system will be able to fill custom production orders for export and domestic markets. Meanwhile, he points out, “process verification is more for producers than for consumers. By understanding what we’re doing, we can lower our costs while maintaining the high standard of production, which is aiming at the CAB branded beef target.”

SPB is open to all CAB-licensed feedlots that will follow additional guidelines to



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► SPB is open to all CAB-licensed feedlots that will follow additional guidelines to coordinate health and nutrition programs.

coordinate health and nutrition programs. “Many other quality-minded feedlots already do these things, too,” Mueller says. “It’s

just a matter of communicating. Ultimately, we want to be proud of our product and willing to put our name behind it.”

