

7<sup>th</sup>

in a series



ANGIE STUMP DENTON PHOTOS



# CREATING A MARKET

*Helping its members earn a premium for producing the kind of cattle the industry wants is a priority for Western Ranchers Beef Cooperative.*

WR-B

BY ANGIE STUMP DENTON

**P**rospering in the cattle business is not a given. More and more producers are finding that, to stay profitable, they're going to have to consider new ideas in production and marketing. Many are putting their heads together to brainstorm survival tactics.

Wanting to provide cattlemen the means to stay in the business, a group of producer-members of the Modoc County (Calif.) Cattlemen's Association formed a committee to evaluate the current status of the beef industry and to develop a game plan.

The committee planned a beef producer profit conference, which was held in October 1996. The conference featured beef industry leaders who shared their success stories and explained what they think it will take to survive in the beef industry.

Realizing if they'd join together and work to deliver better managed feeder cattle

to the marketplace, they could receive better prices, so many attendees and other interested producers formed the Western Ranchers Beef (WRB) Cooperative, a producer-owned beef marketing association.

Following the conference, an interim board met regularly to develop a structure for the group. They considered different marketing and management options.

"We didn't think a producer organization should try to compete with commodity beef," says Dennis Smith, first president and current CEO of the group. "We wanted to develop a product that had added value."

■ **Membership owned**

Members are the cooperative. Anyone in the cattle business can join WRB for a one-time fee of \$300. Current membership includes more than 140 producers from California, Oregon, Nevada, Idaho and New Mexico.

Smith says the cooperative is designed to benefit operations of any size and type. Member operations range in size from 25 head to 2,500 head.

The group will help small-scale producers pool cattle, which will help increase marketability. To retain ownership through the WRB program, a producer only needs 10 head.

For large producers the benefit is "brand" recognition, new marketing options and an opportunity for increased profitability.

The group is not just for commercial producers. "Seedstock producers can encourage their commercial bull customers to join the co-op, and then they can share information on the cattle," Smith says.

■ **Certified feeder-calf program**

"Our goal was to create a better market for feeder cattle," says Richard Eiguren, Jordan Valley, Ore., who has served as president of the group since February 1997.

Working to meet that goal, the board wanted to develop a program that would create a brand of cattle. They wanted to develop a product with recognition so

**Above: Buyers can be confident that, when they purchase WR-B certified calves, the calves will arrive healthy and ready to perform. Buyers receive a certificate of record, guaranteeing the calves have completed the program. Program calves are tagged so they're easy to identify.**



**In October 1996 cattle ranchers in the West who were looking to find new marketing alternatives joined together and formed the Western Ranchers Beef (WRB) Cooperative. “The goal of the cooperative is to help producers market a value-added product for a premium,” says Dennis Smith.**

buyers would know what they were going to get each time they bought a cooperative-certified calf.

The board developed WR-B™ Certified Premium Feeders, a certified calf-management program. “Management is the first focus,” Smith says about a beef operation. “It’s the biggest stumbling block to producing a quality product.”

The first set of WR-B calves was certified in December 1996. The cooperative certifies more than 8,000 calves each year. If members want to participate in the Certified Premium Feeders program, it is an additional \$3/head fee. The fee includes the cost for ear tags and a \$1/head advertising fee.

Producers enrolled in the program are assigned advisors — co-op members who have volunteered their time to help make the program work. Advisors are liaisons between producers and WRB, approve or deny certification, and help producers develop marketing and management strategies.

“We’re trying to create a brand name so the customer knows what they’re going to get,” says Ray Page, Cedarville, Calif. “Just like going to McDonald’s and ordering a quarter pounder with cheese.”

#### ■ Certification process

Calves enrolled in the Certified Premium Feeders program must meet all of the health and backgrounding requirements established by the cooperative before certification. The program requirements were developed based on the Texas Ranch to Rail Program.

“The requirements were established so the cattle can fit in any marketing program, increasing the cooperators’ marketing options,” Smith explains.

The minimum health program requires calves to be vaccinated twice for seven- or eight-way blackleg and for four-way viral (IBR, PI<sub>3</sub>, BRSV and BVD) diseases. The first shots are to be given at or before weaning with booster shots within 30 days. At least one of the viral shots must be modified-live. All injections are to be given in accord with quality assurance guidelines.

After weaning, calves are bunk-broke and backgrounded for at least 45 days. The use of implants or antibiotics as a preventive medicine disqualifies a calf for the program.

Members receive red tags to identify calves that are given antibiotics. “We want members to treat sick animals,” Smith says. “We just don’t want them to feed

antibiotics or inject antibiotics for preventive purposes.”

After the calves have met all of the requirements, the cooperator signs an affidavit in good faith describing the calves and their management program, including dates and vaccinations. Each calf that meets the program’s requirements is then tagged with a WR-B™ tag. The tags include the cooperative’s brand, calf identification numbers and ranch name.

#### ■ Marketing options

Participating in the WR-B Certified Premium Feeders program leaves the producer in charge of marketing decisions, but the cooperative is committed to helping its members receive their just rewards.

“Cow-calf producers have never truly been paid for breeding superior cattle by the feeder or packer. High-quality cattle have always sold along with below-average cattle for an average price,” says Page who was president of the cattlemen’s group and developed the initial committee that led to the development of WRB. “Participating in the program may be one of the few ways producers can improve their cattle and at the same time get paid for it.”

Commercial Angus producers John and Shirley Murrer, Susanville, Calif., were charter members of the cooperative. “We weren’t satisfied with what we were getting paid,” Shirley says. “We are working to develop a better product to try to meet what the consumer wants and needs.”

The Murrers have participated in both marketing options encouraged by WRB — selling on video and retaining ownership.

#### ■ Selling on video

Smith says the foundation of the cooperative’s marketing program is helping its members earn a premium by selling via video or satellite auction. According to Smith, calves certified in the program topped all major video auctions in the West in 1998.

“The cooperative has done a good job educating its members of how to precondition and prepare their cattle for sale,” says Andy Peak of the Shasta Livestock Auction, where many cooperative members sell their calves via satellite in July and September. “The cattle are consistently bringing more money because they’re properly managed and preconditioned.”

Last year WR-B certified calves selling on the video received a \$25/head premium.



**Participating in the WRB Certified Premium Feeders Program is a learning process. Producers learn the value of good health and backgrounding.**

■ **B3R Country Meats alliance**

Producers who follow the Certified Feeders Program management plan can send their calves to Texas to feed out and harvest in the B3R Natural Beef plant.

Although it is a long distance from California to Texas, Smith says the premiums producers receive from B3R are worth the long haul. In 1997-98 cooperative members sent 640 head, earning a total premium of \$37,248.

This year WRB members will supply nearly 25% of B3R's total harvest — more than 2,500 head.

B3R has a unique program offering premiums of up to \$143/head above the fed-cattle market price for quality carcasses. Premiums are based on hot-carcass weight, quality grade, yield grade and brand placement. All cattle earn a 3¼¢ premium for not being implanted.

Members who send their cattle to B3R receive individual feedlot and carcass information. B3R staff will help producers

evaluate the data and determine ways to improve future feedlot and carcass performance.

■ **Learning process**

Participating in the program is an educational process. Producers learn the value of a backgrounding and health program.

“Most of us have learned more about the cattle business in the last two or three years than we did during the last 30,” says Smith. “Most co-op members are really improving their management and genetic programs. They are getting excited about the cattle business again.”

Members who retain ownership learn cost of gain is just as important as carcass quality with program cattle, and equally important as genetics is management, Smith adds.

Eiguren, who has been in the cattle business for more than 50 years, says participating in the cooperative has been an

education for his family, demonstrating what it takes to develop a better product. One of the lessons he's learned is that a shorter calving season leads to a more uniform calf crop, which results in a better product to put on the market.

Members are also realizing sickness lowers performance and quality and increases cost at the feedlot. A structured backgrounding program results in reduced sickness, medicine costs and death loss while enhancing performance, beef quality and profitability.

Smith says the cooperative and its members will succeed if producers take the information and work to improve their cattle.

“I really do believe, the way the program is designed, producers prove to themselves very quickly what genetics do and don't work,” Smith says. Although the cooperative is not breed specific, Angus bulls are the most predominately used. Smith estimates

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**“Angus provides a very valuable base for all the traits you should be looking for.”**

*— Dennis Smith*

80% of the membership use Angus bulls.

“It makes sense because the market is responding very good to Angus genetics right now,” Smith says. “Angus provides a very valuable base for all the traits you should be looking for. It is a maternal breed, which we recognize is the most important thing you need in a cattle operation, and Angus-based calves do well in the feedlot.”

■ **Other benefits**

Membership in the cooperative and in the WR-B Certified Premium Feeders program has many benefits, including advertising of cattle for sale, discounts for supplies and representation in government.

Smith says the cooperative spends a lot of money on marketing enrolled cattle and on the feeder program. The \$1/head advertising cost for the Certified Premium Feeders enrollment is used to promote the program and to advertise certified cattle consigned to auctions.

WRB has developed alliances with several supply companies to provide producers with supplies and services at the lowest cost available. Members receive discounts on vaccines, squeeze shoots, trailers, minerals and feed supplements.

The group also has assumed the role of representing the interest of its membership on issues facing the livestock industry. “We poll our members and see what stance the members have on issues,” Smith says.

■ **What lies ahead**

As the WRB board looks to the next millennium, it continues to consider new programs that will help its members add value.

The group is going a step farther in the marketing of beef and is developing relationships with West Coast super-



MATT PERRIER PHOTO

**WRB members who choose to retain ownership send their calves to McClean, Texas, to feed out and to be harvested at the B3R plant near Childress. In 1998 WRB cattle earned a \$58.20/head premium through B3R.**

markets. In cooperation with B3R, the group is going to market the B3R product on the West Coast under the product name WRB Certified Premium Natural Beef.

Another program in development is the WR-B Certified Sire Program, which will be based on fertility and expected progeny differences (EPDs), including those for growth and carcass traits.

For a sire to qualify, his dam must have calved at 2 years of age and have produced two calves within a 365-day interval. “Cattlemen don’t consider the dam of the commercial bulls they are buying enough,” Smith says. “When a producer goes to a

place to buy a bull, he should ask to see the dam and her production records before buying.”

Another goal of the cooperative is to increase membership. By increasing membership, Smith hopes to be able to have a supply of cattle year-round.

“A producer’s goal should be to add profit by adding value to beef,” Smith says. “We can start down that road by taking the cattle we now sell as a commodity and manage them as a value-added, brand-name product.”

