



Rocky Mountain high greets CAB team

By Jim Cotton
Editor

The only complaint voiced at the annual Certified Angus Beef conference this year was levelled at the packed schedule. "We don't have quite enough time to relax a bit and enjoy these surroundings," said one attendee who was otherwise pleased with this year's meeting in Denver and the ski village to the west of the city.

The high-altitude setting at Beaver Creek resort near Vail was *apropos* for the positive and even inspirational soundings pulsing through the crowd and from the speakers gathered for the August 26-29 event. Enthusiasm for the program and the prospects of CAB in the future was kindled for both the veterans and the substantial number of newcomers to the Angus fold.

This year's conference addressed every segment of the beef industry with tours or workshops focused on those interests peculiar to food distribution and retail marketing. Feedlot and packing-fabricating tours took conference-goers to the gritty side of the business, and experts from various corners shared their experience and advice on getting the most mileage from Certified Angus Beef and its promotional materials.

High point for the event is typically the awards banquet, although this year's conference seemed to be charged with pitched momentum early on. A listing of award recipients follows in this summary of what transpired at Certified Angus Beef's fifth gathering of its ever-expanding clan.

EDD HENDEE... "Why I demand Certified Angus Beef in my dining room."

Hendee, proprietor of the well-known and celebrated Taste of Texas restaurant in Houston, held his audience with humor and a well-honed sketch of success personified as he described the happy marriage of Taste of Texas and CAB.

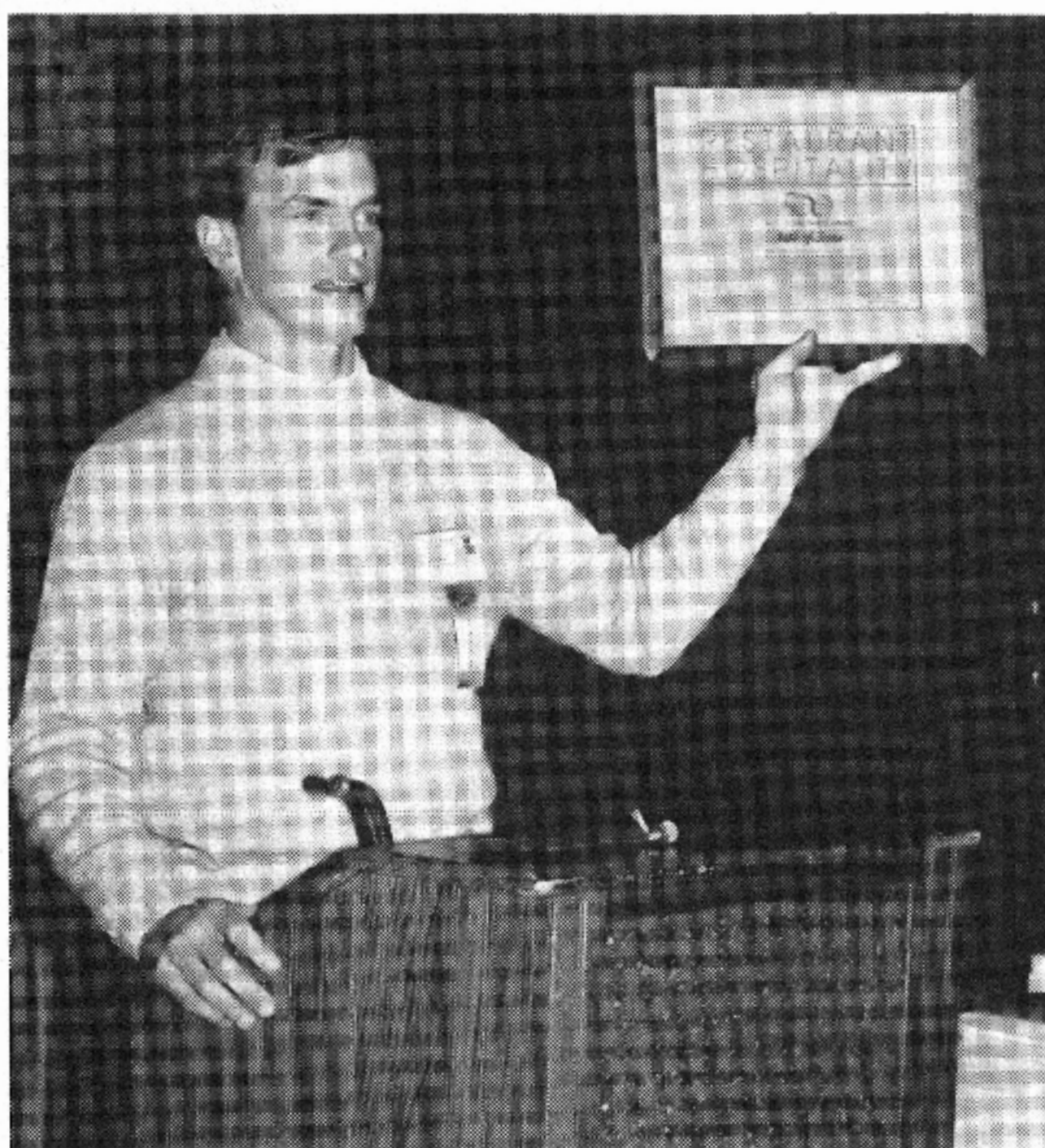
He cited a 40 percent improvement in his returns after converting to 100 percent CAB. He credited Certified Angus Beef as his vehicle to specialization following a prediction from John Nesbitt's *Megatrends*, stating the marketplace of the future belongs to those who specialize. "I've learned if you can't write down what you are or do in 30 seconds, how can you expect your customers to tell what you are?"

Hendee has served CAB exclusively for more than two years with sales in excess of 1.6 million dollars yearly. His advertising budget approaches \$100,000 and he has determined his business is ninety-five percent repeat customers—nearly twice what's regarded as the national average.

Those attending the session found Hendee's innovations and comments concerning competitors as fresh and stimulating. Among the Taste of Texas specialties:

1. "Put the products out front to convince your customers you're committed." Hendee started with his wine offerings, then the breads, the salads, then finally the beef inviting his customers to pick their own.
2. Kitchen tours for those diners who respond to the invitation.
3. Four-color billboards dominated by a mouth-watering steak.
4. Aprons for all employees bearing the message "Angus means excellence."
5. Issuing a steak challenge in form of a \$1,000 CD for any customer claiming to have found a superior 15-ounce ribeye.
6. Newsletters to all customers and the Ambassador Pass entitling the bearer to one free dinner with a party of four.
7. Joining the Gulf Coast, Texas, American, and Aberdeen-Angus (Scotland) Associations. "Get in the program," he says. "We've had great support from breeders who've brought animals for exhibit. We've been invited and treated like royalty at any number of sales and fairs."

Hendee criticized typical approaches to beef merchandising and cited several examples where his competitors had dissipated their efforts through mesquite grilling ("A cheap trick to hide, poor-tasting, no-roll, USDA Good beef—a smokescreen



Restaurateur Edd Hendee displays one of his most pleasing achievements: recognition as one of 500 restaurants nationally applauded for exceptional hospitality.

of the worst kind."); extravagant menus that are hard to read or too many menus ("I went into one place locally here and the waitress brought us each three menus—the lite, the green, and the Cajun"); too many items, too many "dogs" on the menu ("When I worked for that restaurant there were seven items on the menu and they were all good. Now there are 60, and they're all mediocre. Mediocrity is available at the 7-11—fastest growing fast food chain in the nation—for \$1.99. Why go somewhere else for \$14?")

Hendee publicly purged one of the dogs on his menu after joining CAB by burying the chicken fried steak in the flower garden in front of T of T. A marble headstone marks the spot.

Attention-getting devices all, but Hendee places most of his confidence in word-of-mouth advertising. "That comes from taste and credibility. CAB gives me both."

CAB's MICK COLVIN...High five for the first five

Director of the Certified Angus Beef program "Mick" Colvin charged the segments of his audience at Friday's opening general session.

"To those of you where it all begins, those of you involved in the seed stock level . . . I'd like for you to take advantage as design engineers that are so desperately needed by this group of marketing experts.

"When you go back home to the ranches in Montana or the farms in Missouri, let your commercial customers know that these people can no longer tolerate a commodity product that is result of a multi-breed mongrelization program, a program based on the Chicago Mercantile Exchange and . . . about as inconsistent as Chicago's weather.

"Explain to your commercial bull customers that if they will use a registered Angus bull . . . this marketing group here in this room is very capable of adding rewards and added value to that product."

"To the processors and packer-feeders . . . To you people, congratulations. These marketing experts afford you the opportunity to step away from the commodity beef or 'the meat business'. You've been chosen by the Certified Angus Beef staff to process and fabricate the quality leader for the marketing leaders of the industry. I challenge you as processors and fabricators to step beyond what you've known as traditional and support the marketing specialists with well-identified, consistently trimmed product at a fair and consistent added value pricing structure for Certified Angus Beef."

"To the distributors . . . Thanks for being the backbone of a dynamic marketing network for these past five years. We're grateful for your commitment to excellence and sharing a belief in marketing specialization . . . Increased fair marketing margins will provide increased incentives for you as distributors.

"Unrealistic margins will jeopardize the future in not only your area, but will endanger the very future of Certified Angus Beef within those organizations that had been provided a unique opportunity."

Colvin recited attendance figures from previous conferences: 1983, seven in attendance (four distributors, one CAB staff, one processor-fabricator, one consultant); 27 attended in 1984; 43, 1985; 77 in 1986, and more than 150 in 1987.

"The future of CAB is people," he concluded. "Progressive, innovative people building on the cornerstone of integrity. Continued planned growth with supply depth has always been and will continue to be the fundamental objective of Certified Angus Beef . . . both at the food service and retail level."

RICK NICHOLAS... Marketing the product: from approach to delivery

Nicholas, president of CAB stalwart Newport Meat Company, presented his perspective on selling Certified Angus Beef in the highly competitive Southern California area. Newport Meat was top volume CAB distributor in 1985, '86, and '87.

Nicholas believes the company buying Certified Angus Beef for resale stands a better chance of making it work. "We decided if we wanted to come to the party and sell a lot of this product, we'd better start buying it." He outlined his approach as extreme commitment permeating the entire Newport Meat operation.

"We exercise an extreme concern for quality control. In the cutting tests we've done on our cafeteria round, for example, Angus beef wins every time. We have an extreme dedication to drying control. Our dry age is exclusively CAB."



Rick Nicholas, Newport Meat Company, Huntington Beach, Calif.

Nicholas told the group the Newport trucks all declare "Certified Angus Beef—A cut above the rest." "It's a company attitude," he pointed out, "from the drivers to the girls on the phone—CAB is our best product."

He believes there is no substitute for a well-trained, knowledgeable, pleasantly aggressive salesman at the heart of a total marketing program. "My salesmen are expected to sell over \$50,000 of CAB a week if they want to continue their employment."

The firm produces a well-received market newsletter that addresses the trade and larger, beef industry and cattle developments and issues. Newport conducts seminars for hotel staff, chefs, and food service personnel that portrays the company as an authority in the beef industry. Product taste tests arranged between CAB and competing beef has been a convincing sales tool.

Another highly appreciated innovation from Newport is the menu price analysis—helping the account price its menu

so it can afford to serve a high quality product consistently. "We help them price their menu correctly so they don't get hurt in the peaks and valleys of the market."

Nicholas has found Certified Angus Beef to be a door-opener for accounts wedded to Prime, for example. And he's found it helpful towards good will to make donations or gifts of CAB whenever called upon. "It's inconsistent if we don't offer the best we have to sell."

He dealt at length during his presentation with objections from those skeptical of CAB price or supply.

"I tell them CAB represents the best value and a way out of the inconsistencies present in today's market." When he explains the cost in terms of the packer paying a premium for CAB and the one in four ratio of Angus steers qualifying for CAB, he finds the potential customers more receptive. To Prime devotees, Nicholas will reemphasize the sporadic supply of Prime and the high cost. "My CAB aged 35 days will perform better than Prime," he says.

To the challenge from Aurora Angus beef, Nicholas and his staff point out the limited supply from this source plus the fact it is not officially administered or sanctioned by the American Angus Assn. He finds a favorable side-by-side comparison is not difficult when the facts of Aurora's minimum selection standards of selection are examined. Citgo White Box

is described as not USDA graded, but rather a commodity line of Choice. Nicholas does acknowledge Citgo's zero fat trim is a competitive point, and he recommends CAB tighten its trim specs plus commence working exclusively in the top-third of the Choice grade as supplies become more available. He also criticizes pricing structures that extend too great a premium over Choice. When the premium becomes \$5 over competing Choice beef available in the market, Nicholas finds buyer resistance becoming pronounced.



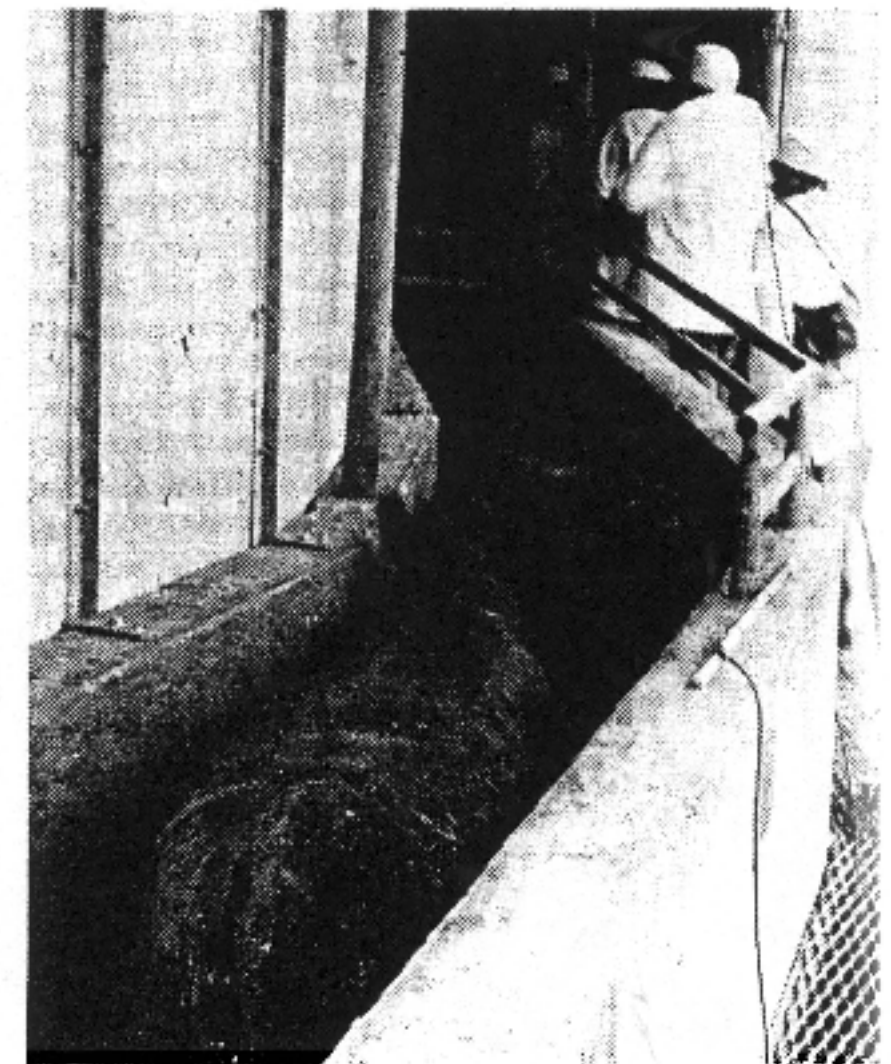
Nancy Matheson-Burns, Dole & Bailey, Woburn, Mass.: "An educated customer is an 'Angusized' customer."



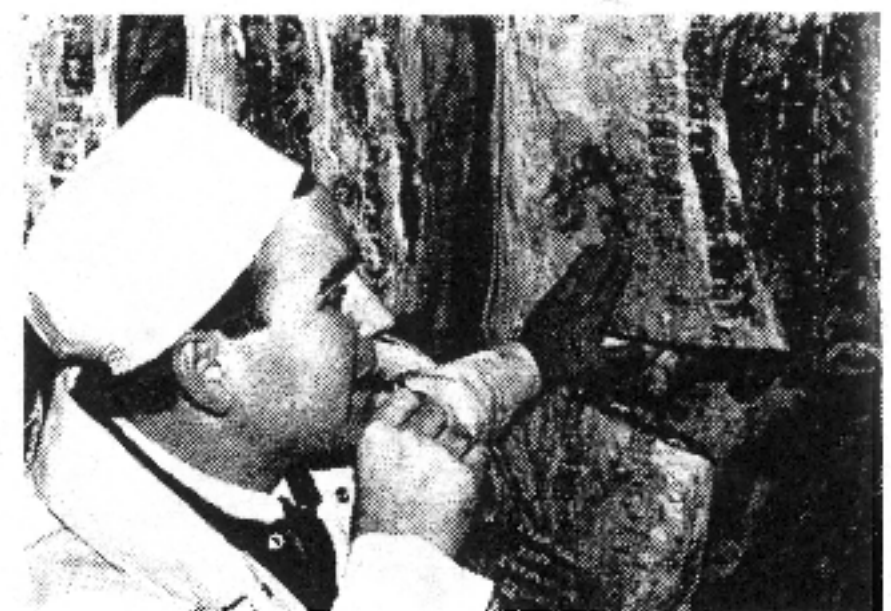
Sharing war stories. Bill Moroney, vice president of George Wells Meat Company, Philadelphia (center, dark shirt), brought 14 staff and salesmen to the conference. He presented a topic on creative marketing.



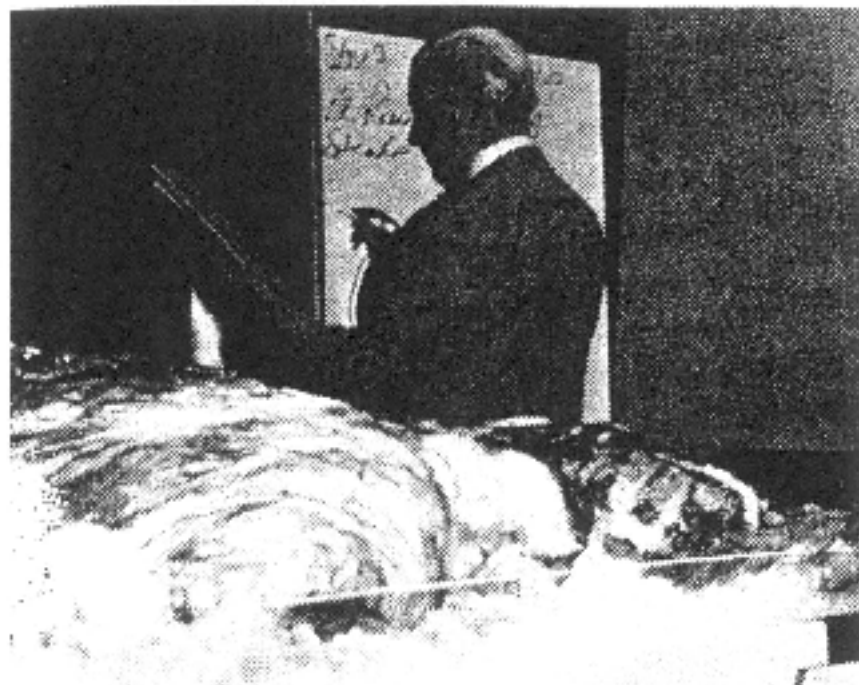
Homero Recio, CAB Processing Coordinator, helped conduct tours at Litvak Meat Company, Denver, along with staffers Mary Ferguson, Kirke McKean, Bill Wylie, and Brent Eichar.



Tour guests enter the plant alongside today's "special guests."



CAB Food Service Coordinator Bill Wylie explains the stamping and rolling procedure.



Cliff Bowes, meat merchandising consultant, Chicago. "I wonder how many of us realize government grades were never set up as buying guides for either retailers or consumers. They were set up originally only to classify live animals for price reporting purposes. The grade standards were made from what the statisticians wanted. Consumer and feeder interest had nothing to do with it. Divisions were drawn on the basis of political pressure . . . from hotel and restaurant people and the university people wanting marbling in the ribeye. Then with that, the chucks became too fat.

(On the advantages of CAB to the retailer): "Only when you go on a branded program do you build loyalty. If you're going to sell Choice commodity beef, you've got the business only when you're the cheapest in town."

(On calories and cholesterol): "How do you account for the fact that in the fast food restaurant business, the fastest growing items are full of calories and cholesterol—french fried potatoes, chocolate chip cookies, double rich ice cream?"



Harry George, J&J Food Service, Meadville, Pa.: "Smaller portions, closer trimmed cuts shows the customer we care. The key to our success is believing in the product and having the determination to make it work."



Lewis W. Jacobs III, "Chef Jake," Executive Chef, McNichols Arena, Denver, home of the Denver Nuggets. He presented "Why I demand Certified Angus Beef in my kitchen." "Denver has more restaurants per capita than any other major United States city. I needed something to compete, I needed something to build these restaurants (at McNichols). Thanks to the Lombardi people (Denver-area CAB distributors), I can."



"The cure for the beef chuck headache" was presented by Vito Aviolla, senior vice president, Gristede Brothers, New York City.



Dr. Bob Hillier, general manager, Hitch Feeders, Garden City, Kan., presented "The Board and the cycle," an inside look at beef marketing and pricing procedures and their impact on high quality beef supply. Hillier told his audience modern feedlots manage risk by extensive recordkeeping, rapid communications, working with fundamentals such as the price of grain, the amount of grain, and deriving input from the technical students of the markets who analyze ranges, hedges, times to enter or exit the markets.

He said Hitch uses a combination of fundamental information and technical data to make its marketing decisions toward the elimination of all variation in all its aspects.

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Dr. Robt. VanStavern, extension meat specialist, The Ohio State University, discussed lite beef. (A full report of his presentation will appear in a future AJ.)



Fred Nabak, vice president of meat procurement, National Canal-Villere, Harahan, La. talked on "Successful marketing of Certified Angus Beef." A telephone survey on National Canal and CAB was part of the aggressive strategy of this dominant firm in the South.



Vice President of Beef Marketing at the National Live Stock and Meat Board, John Francis, introduced a video program and update of the national checkoff program and its implications. His review of the National Consumer Retail Beef Study was tied to CAB opportunities. Shown with his son, Matthew.

Recognition night, August 29

These were the CAB awards presented at the annual banquet, 1987, Eagle's Nest, Beaver Creek, Colo.

Special Recognition Award . . . Dr. Robt. VanStavern, extension meat specialist, The Ohio State University.

Pioneer Award . . . Steve Pierson, Beef Specialists of Iowa, Hartley, Iowa.

Distributor—Largest Sale Volume Increase, 1986-87 . . . MacDonald Meat Co., Seattle, Wash.

Excellence in Retail Distributor . . . White Rose Foods, Inc., Newark, N.J.

Merchandising Excellence at Retail . . . National-Canal Villere, Harahan, La.

Retailer-Cumulative Volume Award (traveling) . . . Gristede Bros., New York, N.Y.

Top Five Volume Distributors . . .

1. MacDonald Meat Co.
2. White Rose Foods, Inc.
3. The Bruss Company, Chicago, Ill.
4. Associated Grocers, Seattle, Wash.
5. Oxford Trading Co., Boston, Mass.

Packer Commitment to Excellence . . . Bernie Hoddapp, Litvak Meat Company, Denver, Colo.

Food Service Distributor-Merchandising Proficiency . . . Newport Meat Co., Huntington Beach, Calif.

Most Licensed CAB Restaurants, 1987 . . . Lieber Foods, Atlanta, Ga.

Merchandising Excellence in Food Service Distribution . . . George Wells Meats, Philadelphia, Pa.

Largest Sale Volume Increase, 1986-87 . . . S&S Meat Company, Kansas City, Mo.

Cumulative Volume Award in Food Service (traveling) . . . Newport Meat Co.

Top 10 Food Service Awards . . .

1. Newport Meat Co.
2. Facciola Meat Co., Palo Alto, Calif.
3. Dole & Bailey, Inc., Woburn, Mass.
4. Haines Food Service, Tampa, Fla., and Haines Meats & Provisions, Ft. Lauderdale, Fla.
5. George Wells Meat Co.
6. The Bruss Company and Bruss of Michigan, Detroit, Mich.
7. S&S Meat Co.
8. Lieber Foods
9. Maryland Hotel Supply, Baltimore, Md.
10. J&J Food Service, Meadville, Pa.