

Let's Get Acquainted

*A question-and-answer session with Jim Riemann,
who became executive director of the Certified Angus Beef Program Oct. 1.*

BY STEVE SUTHER

Jim Riemann set the stage for an exciting seminar when he addressed producers at the Certified Angus Beef (CAB) Program's recent Angus University in Bozeman, Mont. (See story, page 119.) Just weeks before moving into the executive director's chair, Riemann presented a compelling history of the Program that pointed out a packer investment of \$50 million over the years. He noted the 535% growth in Certified Angus Beef™ product sold by licensees in the 1990s and emphasized the potential impact of such continued growth.

"We believe this Program can be four times bigger in the next six to seven years," Riemann told producers. That would mean CAB Program licensees' selling about 2 billion pounds (lb.) of Certified Angus Beef product by 2007. "It will require a very strong commitment on the part of everyone from the [CAB Program] Board to producers to licensees, but we believe it is possible with vertical coordination and everyone focused on growth."

As a further introduction to the new CAB Program executive director, Riemann answers several questions on a wide range of issues affecting producers and the Program.

Q *What are the main avenues of producer participation in the CAB Program, what are the rewards for that participation, and how are these things changing?*

A The main avenues of producer participation in the CAB Program include the most obvious, which are the:

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1. Structured sire evaluation program;
2. Feedlot-Licensing Program through partial or full ownership of cattle; and
3. Carcass data collection to build documentation showing added value of the genetic design in their herds.

The less obvious opportunities are the many educational programs conducted by the Program staff to help licensees better understand *Certified Angus Beef* products, the science-based specifications for the products, and the efforts of processors and packers to make *Certified Angus Beef* products. Interaction with licensees helps producers gain a better understanding of what customers need and want for an end product. This understanding helps producers become "beef" producers rather than just "cattle" producers.

Q *What progress has the cattle industry made in moving toward greater uniformity and consistency? What progress do you feel the Angus breed has made by comparison?*

A Industry-wide there is far too much diversity in the cattle population today. I believe this is one of the reasons beef has lost market share in the last 25 years. Fortunately, many Angus producers, starting years ago, understood what consumers expected when they bought steaks or roasts at retail stores and restaurants and chose to include a high-quality end product as part of their production target. Angus cattle from those production systems, along with the CAB Program, have helped create much greater value for the Angus breed.

The Angus database maintained by the American Angus Association represents tremendous potential to achieve uniformity quickly. There is still a lot of diversity within the Angus breed, but I believe the breed is much closer to producing uniform, consistent products that meet consumer expectations than any other breed.

Q *One popular school of thought is that beef always will be an unpredictable-quality commodity, bolstered by hard evidence that full siblings can follow different growth and subsequent carcass-value paths. How would you counter that argument?*

A I think it is reasonable to expect more variation in quality of beef compared to pork or poultry products. If you think of meat-product quality as a result of genetics, environment and management systems, the beef industry has much more variation in all three factors.

I agree with a speaker who commented at the CAB Program's Angus University conference in August that the beef industry would be much better off if it had only four or five breeds of cattle. That would greatly reduce the genetic variation and improve end-product uniformity.

With the right genetic base in our cattle, we can then attend to management systems and create even greater uniformity and desirability in beef products. Environment will continue to force some variation into beef products, even with the best genetic design and management systems available for beef production.

Q *What is the CAB Program's role in the market for cattle or beef, if any? Does the Program have any direct or indirect impact on producer premiums?*

A The CAB Program has had a positive impact in adding value to Angus and Angus-type slaughter cattle, as well as to Angus seedstock. Packers have been aware, ever since the CAB Program started, of the added value of carcasses meeting CAB Program specifications. That added value encouraged them to pay more for the Angus and Angus-type slaughter cattle that they thought would meet the specifications.

That situation continues today; however, it wasn't until different grid marketing systems emerged that clearly identified a *Certified Angus Beef* premium that the added value became obvious.

The added value for slaughter calves has clearly added value to registered Angus bulls that have the right genetics or expected progeny differences (EPDs) to sire calves that will produce high-value carcasses.

Q *In recent years there has been a small, but growing, movement to abolish USDA grading of beef. Is that a good idea? Why or why not?*

A The USDA grading system serves a useful purpose, which is to facilitate marketing of beef products by sorting carcasses or products into groups based on palatability-indicating characteristics (quality grade) and cutability differences (yield grade). This establishes uniform standards and terminology industry-wide for buyers and sellers to use. I don't know of an acceptable substitute for this system today. However, there may be some opportunities for improvement.

I believe development of vision-grading technology is close to delivering the reliability and accuracy needed so that it could be employed under USDA supervision. I don't believe the U.S. beef industry is ready to abandon grading completely because some form of grading is needed to facilitate marketing.

Ag Canada, the Canadian equivalent of the USDA, eliminated beef grading as a government program through privatization and creation of the Canadian Beef Grading Agency. Ag Canada sets the grade standards, the private agency provides the grading service, and packers contract with the private agency for the service. Marketing is still facilitated.

Q *What are the major issues immediately facing the beef industry in general, and how do these relate to the CAB Program?*

A Major issues I see facing the beef industry include:

1. Profitability;
2. Understanding what consumers want as a beef supply; and
3. Being willing to change.

Profitability will likely come after we deal with items 2 and 3. I don't believe consumers really wanted what they were told they wanted by so-called experts back in the 1960s and 1970s when the "lean meat" or "no red meat" campaigns started.

Introduction of the Continental or "exotic" breeds of cattle provided opportunities for producers to quickly make drastic changes in the kind of beef they produced. However, in the process, the beef industry lost sight of what consumers truly wanted from eating beef. Consumers'



expectation or desire for great-tasting beef that is always tender and juicy never has changed.

Producers who maintained a focus on the real desires of consumers selected genetics that enabled them to produce beef to meet those desires. Today those who have aimed for the *Certified Angus Beef* target are far ahead of producers who chased the “lean fad.”

Those who chased that fad are going to have to recognize that current commodity-beef products are not meeting consumer expectations and are partly responsible for the beef market-share loss. Then they must be willing to make the changes needed to get them back on track for producing high-quality cattle.

Q *What are some of the latest developments that would interest producers?*

A The CAB Program’s Supply Development Team has really stepped up the pace in what I like to think of as a “vertical coordination” effort to bring together seedstock and commercial cow-calf producers with cattle feeders. The key component or focus of this effort is information sharing — helping or facilitating the testing of young bulls and the collection of carcass data to establish EPDs with the highest accuracy and integrity possible; an intense effort to share information with all cattle producers using Angus publications, plus many other beef industry publications; and the Feedlot-Licensing Program that aims to help feeders find feeder calves with superior genetics

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and manage those calves to enable them to express their genetic potential. All this effort is done in conjunction with key American Angus Association staff members and regional managers to make it truly an “Angus team” effort.

There is still a need to grow the producer commitment to the *Certified Angus Beef* brand, and I believe that can be done as producers learn more about the Program. All CAB Program funds used to promote the brand and Angus cattle come from packer fees on the product they produce. In reality, producers are getting free advertising for the products they produce.

Q *Volume of Certified Angus Beef products sold by licensees around the world has grown 535% in the last 10 years. In recent years the Program has grown at an annual rate of 20% to 25%. What are the limits to future growth, and how can some of those limits be effectively overcome?*

A In the United States, retail stores account for 56% and foodservice, 29% of the volume, while international licensees sell 15%. Challenges to future growth of the Program will continue to include maintaining integrity of the brand and product, creating greater brand awareness and building commitment to the brand. I believe Mick Colvin and Larry Corah put the right Supply Development Team in place that, along with Association staff, will ensure an adequate supply of cattle will be available.

An absolutely essential element to the continued growth of the Program will be total commitment from the Association leadership and producers to allow the Program to be all it can be. It’s a free ride for producers. I can’t imagine anyone’s not

wanting the Program to maintain its recent growth — especially anyone who really understands what the CAB Program is all about and what it means to the Angus industry. There is nothing to lose from making that commitment.

Q *What can you tell Angus producers about where the CAB Program is headed in the future?*

A Expect the CAB Program to continue growing and to establish greater presence or visibility here in the United States and globally. It is a global brand! Producers should expect more opportunities to become involved with the Program through educational programs, such as the first Angus University conference held in Montana last August.

There is the opportunity to feed cattle with one of our licensed feedyards through a retained-ownership or partial-ownership arrangement. Even if producers sell their cattle to a licensed yard, they need to maintain identity of the individual calves so they can get back carcass data that will tell them how close they are to hitting the end-product target they have established for their production system. You cannot manage a system that you do not measure, and collecting carcass data is vital to tracking progress.

The CAB Program and the Association team can provide commercial cow-calf producers the opportunity to work with the Sire Evaluation Program. This is a form of an alliance between a seedstock and a commercial producer that is focused on improving genetics within the Angus breed, as well as the total beef industry. This effort can also include the feedlots partnering with the CAB Program.

