

A New Angus Program

Creekstone Farms uses specific genetic formulas to create superior product.

by Troy Smith

The first few months of 2003 eased cattle feeders' frowns as climbing cattle prices brought the promise of profit. The finding of bovine spongiform encephalopathy (BSE) in Canada took only a modest and short-lived toll on the market. During late May, grinning feeders collected \$80 per hundredweight (cwt.) for live cattle, and the USDA Choice boxed beef cutout value ranged from \$142 to \$144. In many cases, returns of more than \$100 per head offered recuperation from previous equity losses. It was a time of healing. Then, in September, fed-cattle prices edged over \$90 per cwt.

Market watchers credited the good times to low dressed weights, strong consumer demand and a wide spread between prices offered for Choice and Select beef. Nebraska Cattlemen's Market Reporting Service (MRS) analyst Jeff Stolle noted how heightened competition for high-quality beef was a positive market force.



“Competition for Choice product drives the market higher, and packers were having trouble finding enough of it to fill their orders,” Stolle said. “And there was a new buyer, regionally. Creekstone Farms has pursued a narrow cut of (upper) Choice, increasing competition for cattle. That was a nice surprise.”

New competition

Creekstone Farms' need for cattle stemmed from its January purchase and May reopening of the former Future Beef Operations LLC (FBO) processing plant in Arkansas City, Kan. However, Creekstone Farms really isn't new to the game. Founder and President John Stewart has been involved in the meats business for more than 30 years.

Creekstone Farms began harvesting cattle for its own brand-name product line in April 2001 — first through Omaha-based Nebraska Beef Ltd., and later through FBO. With the acquisition of FBO's 400,000-square-foot (sq. ft.), state-of-the-art facility,

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PHOTOS BY STEPHANIE VELOMAN

► While many animal scientists are telling cattlemen that crossbreeding is the nearest thing to a free lunch, Joe Bill Meng, Creekstone Farms' director of genetics and supply development, fears too many producers use crossbreeding as an excuse for not utilizing available genetic information.

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Creekstone took a giant step toward further vertical integration of production, processing and marketing of products bearing the Creekstone Farms Premium Black Angus Beef™ label.

Joe Bill Meng, Creekstone's director of genetics and supply development, wasn't surprised to see aggressive competition for cattle that promised to grade Choice or better. Creekstone jumped into the fray when supplies were particularly tight, but Meng believes the industry simply may be producing more Select beef than needed. He cites data from the 2000 National Beef Quality Audit, which suggests that the supply of low-Choice product is probably adequate, while there is a very real need for more beef grading high-Choice and Prime. The Creekstone Farms concept is based on that premise. The company's objective is to supply foodservice, retail and export markets with beef of consistently high quality.

"But this is more than a niche market program targeting consumers with a preference for high-quality product. The program is uniquely Angus, with a goal of establishing traceback to known Angus genetics," Meng explains. "To complement the genetics, we want cattle produced under uniform management systems that maximize health and performance. And we want to partner with cow-calf producers — both purebred and commercial — feedlots and processors who also want to emphasize animal welfare, biosecurity and food safety."

Relying on Angus

A live-animal management protocol was developed at Creekstone Farms' own 1,200-acre farm, near Louisville, Ky. That's also where the company launched its effort to identify and propagate genetics that could contribute to product superiority through development of its own foundation Angus herd.

While many animal scientists are telling cattlemen that crossbreeding is the nearest thing to a free lunch, Meng fears too many producers use



► Proprietary Angus genetics serve as the basis for the entire beef program, which Meng calls "uniquely Angus." Black Angus cattle, including those with known Creekstone Farms genetics, are sourced from feedlot partners.

crossbreeding as an excuse for not utilizing available genetic information. Too often, crossbreeding is applied with no system or discipline, Meng says. Used indiscriminately, he says, crossbreeding contributes to a lack of uniformity in cattle and carcass quality.

Meng contends that undisciplined crossbreeding contributed to the drop in USDA quality-grading standards and, ultimately, to increased consumer dissatisfaction with Select and low-Choice beef. However, reliable data reveals that the percentage of bad eating experiences drops dramatically with beef from the upper two-thirds of Choice or Prime. That is the quality target.

"We haven't identified any other breed that can replace or complement Angus in terms of carcass quality. And the tools for

selection exist in the Angus database — the largest and best in the world," Meng states. "We understand that production traits have to be addressed, too, but our genetic model calls for increased marbling with adequate muscle. Generally, we see a need to increase ribeye size, too."

Setting the target

Ideally, Creekstone wants carcasses ranging from 700 to 800 pounds (lb.), with a ribeye area (REA) of 12.5 to 14 square inches (sq. in.) and no more than 0.5 in. of backfat. Toward that end, the company has segregated genetics into three lines, producing seedstock that will fit a variety of producer resources and management styles.

The market-sire line, Meng explains, might be considered a terminal-sire line, emphasizing growth. In most cases, both steers and heifers sired by market sires are destined for the feedlot. The mature size of females will be too big for most production environments.

Creekstone's balanced-trait line will represent the breed average for all production traits. Bulls can be used on heifers, albeit judiciously, as well as mature cows. Resulting heifers can be saved as replacements or fed out with acceptable results. Meng says the balanced-trait line is likely to suit a majority of producers.

As might be expected, the calving-ease/maternal line emphasizes calving ease and milk, but steers from this line will give up some growth and are not as efficient in the feedlot.

"They say you can't be all things to all people, but I think we can come close," Meng says, grinning. "We've tried to address the needs of operations of all sizes, and

particularly those with small herds. Small operations make up the majority, and many of those producers might be more efficient if they bought their replacement females and used bulls from the market-sire line."

Meng believes many small- to medium-size producers may find it easier to individually identify

Table 1: USDA-certified standards for Creekstone Farms Premium Black Angus Beef™

Creekstone Farms has USDA-certified standards for multiple quality grades of black Angus cattle. Each is identified with a separate inspection stamp.

Government schedule	Quality grade	Market brand	Marbling score
G44-1 (a)	USDA Prime	Master Chef Prime	Slightly Abundant ⁰⁰ or higher
G44-1 (a) Choice (upper ⅔)	USDA Choice	Master Chef Choice	Modest ⁰⁰ to Moderate ⁹⁹
G44-2 (b) Choice (lower ⅓)	USDA Choice	Chef's Table Choice	Small ⁰⁰ to Small ⁹⁹
G44-3 (c)	USDA Select	Chef's Table Select	Slight ⁰⁰ to Slight ⁹⁹

Source: Creekstone Farms' Web site — www.creekstonefarmspremiumbeef.com/beef.html.

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their calves and maintain genetic traceability by utilizing the three lines. As an incentive, Creekstone is developing a genetics-based premium designed to reward ranchers for producing cattle that meet carcass benchmarks, even if those ranchers do not retain ownership through the finishing phase of production.

“Cattle with the genetic ability to hit the target should have added value, even if the producer sells them as calves. With our data-tracking ability, we can return carcass data to those producers, along with premiums on cattle that reached upper two-thirds of Choice or Prime,” Meng explains. “Producers [who] want to stay connected by retaining ownership will have access to a grid that pays premiums above what the industry offers for carcass merit.”

Along with individual identification (ID), source verification and known genetics, the Creekstone concept calls for application of uniform and scientifically sound management practices by producers and cattle feeders. Animal handling according to state beef quality assurance (BQA) programs is required. Cattle must receive all recommended vaccinations prior to entering an approved commercial feedlot. The feedlots on Creekstone Farms’ preferred list follow the uniform animal management system and participate in the necessary data management.

“We emphasize safe, low-stress animal handling by trained feedlot personnel, and the correct use of animal health products. It’s not an antibiotic-free program, but we insist on responsible use of antibiotics,” Meng says. “And we want the efficiencies that come with growth-promoting implants. But only the least aggressive implant regimen is used, so that it doesn’t have a negative impact on quality grade.”

Cattle must be fed for a minimum of 120 days, so 800 lb. is the top-end weight for yearlings going into the feedlot. Because calf feds usually have a quality grade advantage, Meng likes to see 650-lb. calves coming into



► The Creekstone Farms team poses during a tour stop at the ranch during the 2003 Beef Improvement Federation annual conference and tour.

the feedlot. Both spring- and fall-born calves are needed to provide a year-round supply.

Focus on the consumer

Meng admits that the term may be overused, but “consumer-driven” describes Creekstone Farms product objectives. In addition to quality, consumers want assurance of food safety and convenience. Scoring on all counts is Creekstone Farms’ own ground beef product, which is precooked and then frozen to enhance food safety. Meng says, there has been tremendous demand for the ready-to-grill hamburger patties currently available in 16 states.

That product helps satisfy Creekstone Farms’ goal of adding value to the entire carcass — not just the middle meats. The most popular cuts, including ribeye steaks, T-bones and prime ribs, are in demand by foodservice customers, including restaurants in Las Vegas, Nev. and San Francisco, Calif. Fresh beef under the Creekstone Farms Premium Black Angus Beef label is moving into retail outlets, too, but international markets represent demand for beef cuts that

are less popular among U.S. consumers. Fresh beef sales to Asian markets include variety meats, such as tongue and liver. Export markets also are targeted for cooperative efforts with other processors, such as Hormel Foods, with whom Creekstone Farms is co-branding product for sale in Japan, Korea and Mexico.

The Arkansas City plant’s capability to create a variety of cooked products is opening doors to additional markets. For example, Creekstone Farms supplies deli meat products to customers including Schlotzky’s Deli sandwich shops and Kroeger food stores. More deli products, as well as fully cooked, “meals-in-minutes” beef entrées, are under development.

Meng maintains that Creekstone Farms is not a major player among beef packers, and represents less than 1% of all cattle harvested by the industry.

Still, the company has grown from a 1,000-head weekly harvest, when the packing facility was purchased, to nearly 5,000 head per week.

“We made some changes to the plant — rearranged the fabrication floor and extended the conveyors so we can handle more numbers per shift. We’ll never be as fast or efficient as the ‘Big Four’ packers, but we are implementing more food safety interventions and data-tracking processes,” Meng offers.

“We aren’t there yet, but we know that we have a finite capacity. When we know what that number is, we’ll concentrate even harder on quality. Using superior Angus genetics, we should be able to eliminate the no-rolls and the vast majority of Select cattle from the program,” he adds.

Meng, a past member of the board of directors for Certified Angus Beef LLC (CAB), credits CAB for blazing a trail into the quality-emphasis market.

“We’re appreciative. Without CAB, our program couldn’t exist,” Meng states. “We’re just trying to go a step or two farther.”

