

Innovation Brings Profit

Feeding Quality Forum speakers encourage new thinking.

by Miranda Reiman, Certified Angus Beef LLC

The cattle industry needs to make some bold, creative changes to ensure its viability.

That was the wakeup call from speakers at the Feeding Quality Forum, Aug. 27-28 in Amarillo, Texas. Persistent problems just might require new approaches.

“Revenue is the reward for doing the right thing,” said Anne-Marie Roerink, principal at 210 Analytics.

The retail food expert talked of marketing claims, consumer preferences and buying trends she studies in the Power of Meat survey. But the idea that doing right would eventually yield more profit was a common theme at the two-day forum, hosted by Certified Angus Beef LLC (CAB) and supporting sponsors.

“Everyone throughout the grocery store is stealing our protein argument,” she said, pointing out sales of peanut butter to granola bars.

“Meat is still the superior deliverer of protein in a diet.”

Consumers want to include more plants in their diets, but that doesn’t mean it’s at the expense of meat.

“Sometimes we have to have an open mind to still be on the menu,” Roerink said.

Joe Leathers, 6666 Ranch, said cattlemen need to shift their perspective on cattle tracking, too.

“I hear a lot of talk about, ‘How are we going to pay for a disease traceability program?’ There’s no added incentive to do it,” Leathers said. Indeed, it’s a cost to the industry. “But how can we afford not to have a disease traceability program as an insurance policy?”

It’s “realistic” to think there will be another disease outbreak, he said.

Breaking away from tradition may help the industry solve ongoing challenges in feedyard receiving pens.

John Richeson, West Texas A&M University, said one future strategy could be targeting only the highest risk share of a pen with preventative measures. Everything from chuteside nasal swabs to haptoglobin-measuring blood tests could help find the animals within a pen or load that need the most attention.

It would be more labor intensive but reduce antibiotic usage because most cattle may not need treatment.

“I don’t think the consumer is going to accept metaphylaxis if they understand that, so we need to find ways to better target,” he said.

Yet, a cattleman’s priority is to keep cattle healthy; and in some cases, the only tool we have today is turning to health products.

Feedyard consultant Scott Laudert explained the cause and incidence of liver abscesses in fed cattle, where minor differences in performance and carcass merit still add up to major costs.

“Losses for the packer can be a combination of time, labor and saleable product,” he said, noting a \$60-million price tag.

Today’s advice is pretty routine: “Control liver abscesses as early as possible or the train will have left the station,” Laudert said.

But negative consumer perception of mass preventative treatment motivates the industry to keep learning more about best practices for Tylan® or researching alternatives.



The forum drew nearly 150 people from 18 states and two countries.

“It’s going to take some outside-the-box thinking from feedyard managers, nutritionists and veterinarians,” Laudert said. “What can you guys do that you haven’t been doing to soften the impact?”

Communication is a big part of using technology to its full advantage, and that’s true with growth-promoting implants.

Ruminant nutritionist Robbi Pritchard said implants improve profitability, adding weaning weight and hot carcass weight for a small investment, while using fewer resources to add those pounds. But choosing the wrong implant for the wrong animal at the wrong time can both decrease efficacy as well as carcass quality.

“Using it without sound technical advice, you can ruin a lot of carcasses,” Pritchard said.

That’s why sharing implant information from rancher to grower to feeder is so important, he said.

Dale Woerner, Texas Tech University meat scientist, said beef demand is on a rising plane because of attention to everything that impacts final quality, from genetics to feeding cattle longer.

Camera grading improved an evenhanded application of grading standards across all major plants and — even though there may be future improvements — it gives confidence in today’s system.

Consumer satisfaction odds increase as marbling does. There’s an 82% and 88% chance of a good eating experience with Modest and Moderate marbling (premium Choice), respectively, but less than one chance in three of satisfaction with Select beef. That’s why restaurateurs pay more for higher grading beef, Woerner said.

“If I’m in the foodservice business,



“The most sustainable source of revenue comes from the consumer,” says president John Stika, Certified Angus Beef LLC.

I don’t need you to come to my restaurant once to make a living; I need you to come back many times.”

As the quality grades continue a dramatic upward trend, CAB President John Stika often hears, “Are we producing too much quality?”

His definitive answer is, “No.”

Sales data support that. Last year, partners around the world sold 1.21 billion pounds (lb.) of the brand.

“It took 5.5 million CAB (*Certified Angus Beef*®) carcasses to meet that demand,” he said. “The packer partners we work with sent an economic signal back into cow country, to the tune of \$1.4 million dollars a week in the form of *Certified Angus Beef* premiums. That said, ‘Keep the supply coming.’”

Cargill’s Glen Dolezal said cattle feeders have done an incredible job, especially in a difficult feeding year.

“Hats off to the beef industry for a very high-quality, very rich [supply], and again this is translated to a current, very strong Choice-Select spread,” he said.

Cargill supports the Beef Quality Assurance (BQA) program to educate and assess beef producers on best practices. The company’s goal was 90% of their supply coming from BQA-certified yards by December 2018, and they reached that mark.

“If you do business with Wendy’s, McDonald’s and others, they’re demanding this now,” he said. “That’s

why it’s become even more important to be able to tell the story that you’re following some sound guidelines and trying to do the right thing.”

Beef producers are trying to compete globally as well, said Dan Basse, president of AgResource Company, who noted a key advantage.

“We’ve never seen such a high [quality] grade as we are now,” Basse said. That’s important as world economies grow and people have more money to spend on higher-quality protein.

Ending the trade war with China is imperative for growth and long-term profitability for the American farmer, the analyst said. However, world economies in general are slowing.

“The future is not going to show the same type of growth we’ve enjoyed for the last few decades,” Basse said.

Still, he is optimistic about beef production, predicting fourth-quarter fed cattle moving back up to \$112 to \$114 per hundredweight (cwt.), with an additional \$10 or more added to that by the first quarter of 2020.

“There’s a lot of difficulties ahead for the grain farmer, but I think you in the meat business are really in a pretty good position,” he said. **AJ**

Editor’s note: To view presentations or post-event coverage, visit www.CABcattle.com.