

BEYOND

National Angus Conference outlines "The Angus Plan for 2000 and Beyond," focusing on the challenges, solutions and opportunities in a consumer-driven beef industry.

In today's marketplace the demand for high-quality beef far exceeds the supply. Cattle producers attending the 1997 National Angus Conference in Ames, Iowa, Sept. 15-16 were encouraged to take the steps necessary to meet this demand that is growing worldwide.

Speaker after speaker on the national program urged U.S. cattle breeders to become consumer oriented and use genetics to produce superior beef. High-quality beef, consistently tasty and tender, they emphasized is essential to the expansion of the beef industry.

Keynote speaker Gary Smith, Colorado State University professor, says the beef business has evolved from a producer-driven to a consumer-driven industry. "A consumer-driven industry is like a stream that flows from production to the consumer," he says.

Smith asked the 350 people attending the Conference at the Iowa State University Conference Center, "Where are you in the stream? Are you upstream or downstream?"

He encourages producers to think downstream - to what the consumer thinks about the product. "Taste is the No. 1 shopper requirement for beef," Smith says. "Nutrition is second and convenience is down the line."

A 1988 customer satisfaction study shows that desirable beef usually comes from the upper two-thirds of Choice or the Prime grade. "We don't produce enough Prime or upper two-thirds Choice beef," he says.

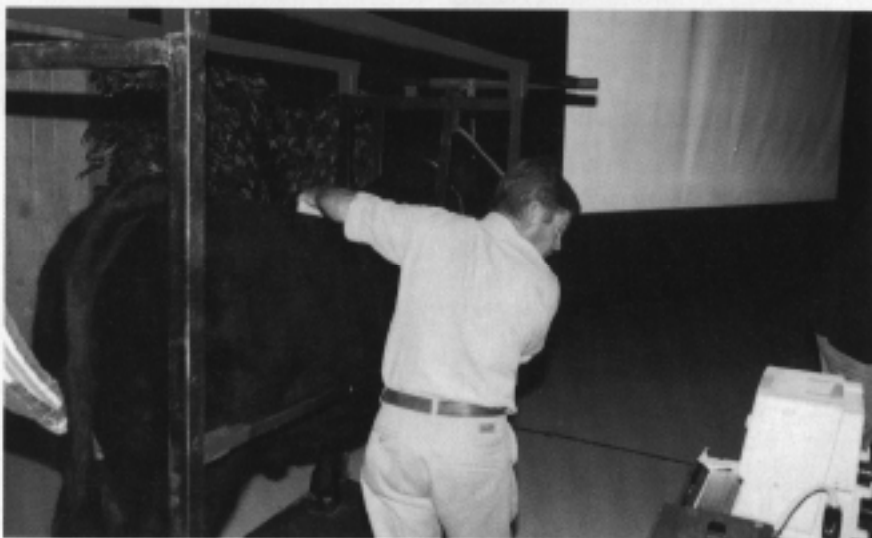
Beef has lost market share since 1978, says Smith. To regain it, the beef industry must pay more attention to the consumer. "We must think about what it takes to make the restaurant owner or supermarket owner happy. We must do whatever is necessary to make the customer happy," he adds.

There are a number of things Smith says producers can do in the production sector to ensure their product is palatable:

1. Eliminate aggressive use of anabolic implants.
2. Discourage excess use of biological types with known wide tenderness variability. Encourage seedstock producers to gather palatability data and eliminate genetic lines with known tenderness variability.
3. Eliminate intramuscular injections.
4. Slaughter cattle at 30 months of age or less.
5. Castrate all bull calves prior to 7 months of age.
6. Feed at least 100 days on a high-concentrate diet.



2000



ANGIE STUMP DENTON PHOTOS

Gene Rouse, Iowa State University (ISU) animal science professor, tells Angus producers that to remain competitive, beef producers need to reduce the amount of fat on the outside of the carcass but increase the intramuscular fat. He says the feat is possible through genetic selection, because of the low genetic correlation between fat thickness and intramuscular fat.

"There are sires out there that will sire high-quality cattle that will stay lean," he explains. "We need to source verify them to ensure safety and produce high-quality, heavy-muscled, lean cattle."

As the demand in the United States grows for high-quality beef, so does the global demand.

"There is a growing global market for high-quality U.S. beef," says Dermot Hayes, professor of economics at the Iowa State University Meat Export Center. "U.S. beef export trade is up dramatically since 1986."

He lists these eight reasons for the increase:

1. The United States is the world's residual supplier of feedgrains;
2. Beef transportation costs have fallen dramatically compared to grain transportation costs;
3. We have learned how to ship chilled (not frozen) beef;
4. The value of the dollar has declined compared to other currencies;
5. There is worldwide prosperity and trade liberalization;
6. We now send each cut of beef to the best market;
7. We have learned to export by doing it; and
8. Beef producers have begun to support exports and are learning that \$1 in exports creates more than \$1 in revenue increases for beef.

"The bottom line," Hayes says, "is to expect 5 to 7 percent export growth per year." Long term, the United States will produce as much beef for export as for home consumption. He also warns that domestic corn prices will not remain cheap. As a result, long-fed beef will not be competitive unless it's treated and priced as a premium product.

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NO BARRIERS

by Angie Stump Denton

Carcass quality starts with genetics



Serving your customer should be the foundation to every cattle producer's breeding program. Satisfying their needs, as well as the needs of the ultimate customer -the consumer — is the bottom line in the beef business.

"Sometimes what customers want isn't necessarily what they need," says Don Trimmer, beef genetics manager, Accelerated Genetics, Baraboo, Wis.

The commercial industry drives the seedstock industry, and it's the seedstock producer's job to supply a product that will make their customers successful in the future, he adds. Producers are looking for value — quality genetics at a reasonable cost.

Henry Bergfeld, general manager of Summitcrest Farms, says, "The No. 1 thing common to all of our customers— purebred, commercial and foreign— is that expected progeny differences (EPDs) are the base reason behind their business decisions in relationship to their environments and their business needs."

Summitcrest calves 1,500 cows per year on its three ranches in Ohio, Nebraska and Iowa, including 1,250 purebred Angus cows. Summitcrest has a wide customer base, varying from a purebred producer who buys one bull a year to a commercial producer who buys 15 to 25 bulls a year.

A goal of Bergfeld's has been progeny testing and collecting carcass data on Summitcrest bulls. Over the years, he has accumulated carcass data on more than 2,700 carcasses, including 35 sires with more than 20 progeny carcasses.

"No. 1, you have to have the proper genetics to start with," says Bergfeld, "then you can do some management things to bring it (carcass quality) out, letting the genetics express its full value. You can not feed in marbling; it has to be there genetically."

Progeny testing has proven to Bergfeld that carcass traits are highly heritable and can be improved significantly. He says it's possible with the proper genetics and management to breed cattle that will meet *Certified Angus Beef*™ specifications 80 percent of the time, but it may not be the most efficient thing to do.

Trimmer agrees with Bergfeld about the demand for performance information.

"Information is a valuable asset to a

breeding program when used with understanding and applied with common sense," he says.

Most producers don't like averages, but Trimmer says it's hard to find a bull that "hits on all cylinders."

If a producer sorts the 2,144 bulls listed in fall 1997 Sire Evaluation Report, setting the parameters as trait averages -birth



To demonstrate the importance of value-based marketing, conference attendees evaluated live cattle and their corresponding type mates hanging in the cooler. Four pairs of steers were compared on hoof and on the rail.

weight +3.1 or less; weaning weight +27 or more; yearling weight +48 or more; milk +1 l or more; carcass weight +8 marbling +.07; ribeye area +.16; fat thickness -.01; retail product +.1 -the sort would only list five bulls that are above average in all traits.

"As we look to the future we need more work in genetic research," Trimmer says. "We need to look for genetic markers that indicate performance or carcass quality." As with EPDs, they'll help remove some of the guesswork in bull selection vital to steady improvement in the beef industry.

"As we embark on this National Conference, it's safe to say that there is no segment in our industry that can escape from being affected by the fast-changing times that we live in. Some of these changes fuel new trends that may affect new objectives, new directions and new procedures of how we do business."

-Dick Spader

Time to wake up

The time has come for the beef industry to reposition itself for the future. "I think it's high time the cattle industry wake up before it's too late," says Marvin Walter, president of W&G Marketing Co. Inc., a meat purveyor from Ames, Iowa. "Now is the time for the beef industry to step forward. To do that, it must return to quality."

Today's cow herd is a mixed, heterogeneous group producing widely varying fed cattle. That will not get the job done any longer, Walter explains. The consumer is demanding more, and the beef industry must perform or lose its share of the marketplace.

"The (cattle) industry is not paying enough attention to the eating quality of the beef it produces," Walter says. "The problems may well stem from the fact that the definition of quality simply isn't clear to everyone. To some, it means producing the same amount of product each time. To others, it means good taste and tenderness. Some define quality simply as lean. To the meat purveying industry, it's a combination of them all."

To meet consumer demands the retailers have tried no-roll or house brand programs. According to Walter, most retailers have not found those programs very successful. Consequently, they are moving back to Choice programs and closely trimming their product.

"This return to quality is good for two reasons," Walter says. "First, because retailers don't normally age their beef, quality helps them satisfy consumers. Second, it makes more good-tasting beef available to the nation's consumers."

However, the return to Choice by retailers and restaurant owners also creates a problem for the meat purveying and restaurant segments of the industry because it creates demand for a shrinking supply of higher-quality beef, Walter observes. "Add to this the problem with more and more of our top-quality product being shipped to Japan and you soon have a formula for trouble. We (purveyors) think it's time (for beef producers) to refocus and move back to the center of the road with a more genetically uniform beef cattle herd."

To accomplish this goal, Walter suggests beef producers:

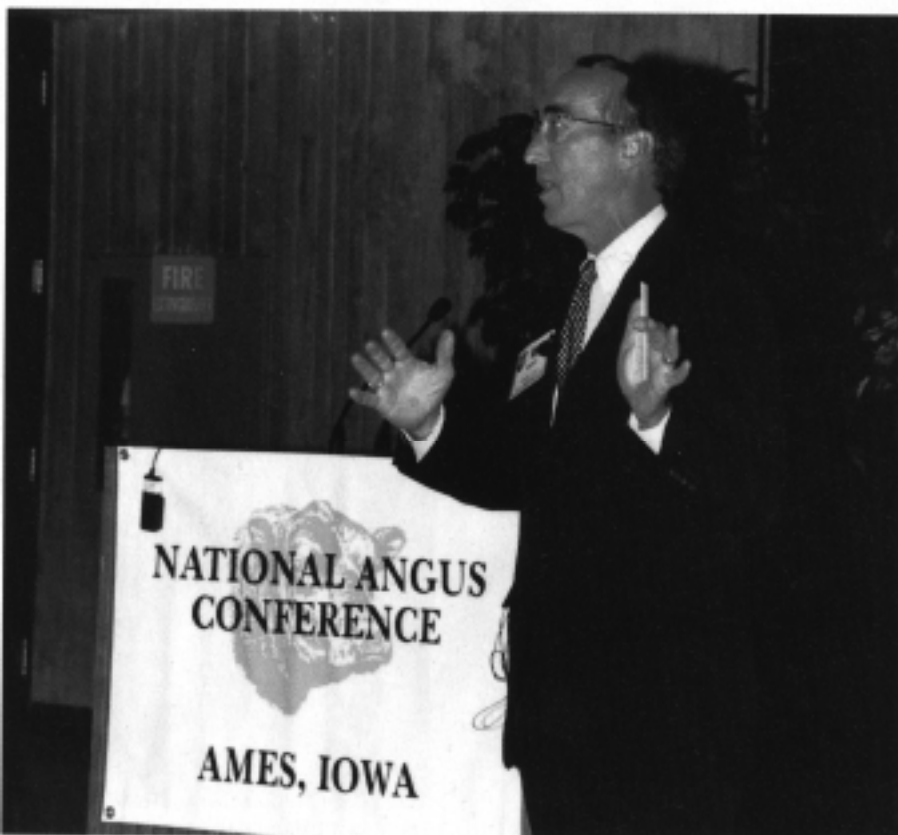
1. Stop pointing fingers. "If we (the industry) can't promptly sort out the bloodlines within the European breeds that will marble at early maturities, I think we must insist those breeds be culled from cow herds," he explains.
2. Bring some sanity into the U.S. Department of Agriculture (USDA) grading system by increasing the marbling scores required for the Choice grade.
3. Develop a national data collection center for the entire beef industry.
4. Zero in and tell the industry what we (packers, purveyors, consumers) really want — set up a model to shoot for.

Walter describes his ideal finished steer: a maximum of 1,300 pounds, frame score 4 to 6, a hot carcass weight less than 800 pounds, ribeye area of 10.5 to 13 sq. inches,

modest to slightly abundant marbling score, and younger than 12 to 18 months at slaughter.

"I can supply the product you want, but you have to provide the incentive in my pocketbook" says Owen Jones, a commercial cattle producer from Britton, S.D., voicing the opinion of many producers. "I believe the genetics are in place, but until we can see the dollar signs we're not going to jump on that bandwagon."

Walter encourages producers to stop thinking they need to be paid to manage progressively. "Producers need to stop saying, 'If they'd pay us more, we'd do a better job,'" he says. "You've got to prove to them (packers and feeders) you've got a better product. I'll guarantee, in the long run, they'll pay you for your efforts."



Consumers are demanding more quality and consistency in beef products. Marvin Walter, a meat purveyor from Ames, Iowa, says Angus producers are part of the solution to meeting this demand. He encouraged attendees at the National Angus Conference to set an example by producing a high-quality, consistent product.

We're in the food business, designing two steps away a superior food product. We have the most wonderful set of tools that any breed society has ever had. If we take the tools that we have to work with and the wonderful breed of cattle that we have, the intelligence God gave us, and the green grass and resources he has lent us, we'll produce the finest product known to man.

--John Crouch

Packers, retailers, purveyors demand more product

Consumers are demanding more high-quality, consistent beef. Members of the CAB and Quality Beef Edge panel challenge producers to take the steps necessary to meet this demand.

Everyone in the beef industry needs to join hands to satisfy the consumer, says Robert Norton, president and CEO, Beef America, Omaha, Neb.

"Less than 30 percent of all fed beef produced is predictable and of generally high quality to consistently result in a favorable and satisfying eating experience," he says.

Franklin Hall, president and owner, Lone Star Food Service, Austin, Texas, agrees with Norton saying, we're all in this business together.

"We bleed CAB," says Franklin about his business. "Our sales people who call on the end users -the consumers — are not selling plain vanilla Choice like everyone else on the streets. They are marketing the most successful branded beef product (Certified Angus Beef™)."

Franklin stresses the importance of exceeding consumers' perceived expectations. "Repeat business does not survive if you don't provide a quality

product every time," he says. "You want your customers to know what to expect every time they walk in the door."

Russ Wolfe, CEO, Topco Associates Inc., Skokie, Ill., procures product for members of Topco, a cooperative. Wolfe buys more than a million pounds of Certified Angus Beef product a week.

He encourages producers to continue to look for ways to become more effective and efficient so their products do not get priced out of the marketplace.

Wolfe and Franklin agree their biggest concern is whether there is enough supply of Certified Angus Beef product. "Our concern is your opportunity," Franklin adds.

The biggest opportunity for the beef industry is developing value-added products, says Norton. Currently, with most of the premium coming from the sale of middle meats, developing new products will increase the value of a carcass.

Norton also says everyone in the beef chain needs to be concerned about the safety and wholesomeness of beef. "Everyone in the chain has responsibilities," he says. "We need to educate our consumer, and we need to protect our industry."



There is a tremendous opportunity for cattle producers who breed cattle that meet Certified Angus Beef™ qualifications. Panel members (l to r) Robert Norton, president and CEO of Beef America; Franklin Hall, president and owner of Lone Star Food Service; and Russ Wolfe, CEO of Topco Associates Inc., agree there is an increasing demand for high-quality, consistent beef.

Wallace looks into crystal ball

Could it be sundown for beef industry? Roy Wallace, vice president of Beef Programs for Select Sires, Plain City, Ohio, says beef producers have to be ready for the next 15 to 20 years. "The challenge for the beef industry is retaining market share by reducing fat, increasing palatability and consistency while improving production efficiency and sustaining profitability."

Involved in the beef business for more than 30 years, Wallace shared with National Conference attendees his predictions for the next 10 years in the beef business. He makes the following assumptions for the beef cattle industry in the United States and world

1. The main use of beef cattle is as a by-product of land ownership;
1. Geographical area of cow-calf production will change depending on gram prices;
3. Adoption of technology by cow-calf producers will be slow;
4. Within the packing segment, three or four firms will control 80 to 85 percent of the product;
5. The feedlot industry will be controlled by a small number of corporations and individuals;
6. Niche markets will grow in size;
7. Competition for world market share will be from South America, Australia and New Zealand and



"As Angus breeders, you have in your finger tips the most power you can have in changing populations of cattle?" — Roy Wallace

8. The No. 1 advantage U.S. producers have is they are the least-cost producers of a high-quality product.

"We were taught 300 years ago that 'like begets like,' and it hasn't changed," Wallace says. He urges producers to use expected progeny differences (EPDs) to identify the outstanding seedstock in the Angus breed and to breed higher-quality, more efficient beef cattle. "Most cattle in the United States can be fed into low Choice," Wallace says, "but most cannot be fed into high Choice and Prime."

He proudly displayed the American Angus Association's fall 1997 Sire Evaluation Report saying, "You continue to doubt and not utilize this information. A few producers have broken from the trenches and have utilized it and, because they have, they've made great genetic progress."

Through selection pressure, breeders can change the genetics of their herd. He encourages producers to accentuate the traits they can change and the ones that can move populations.

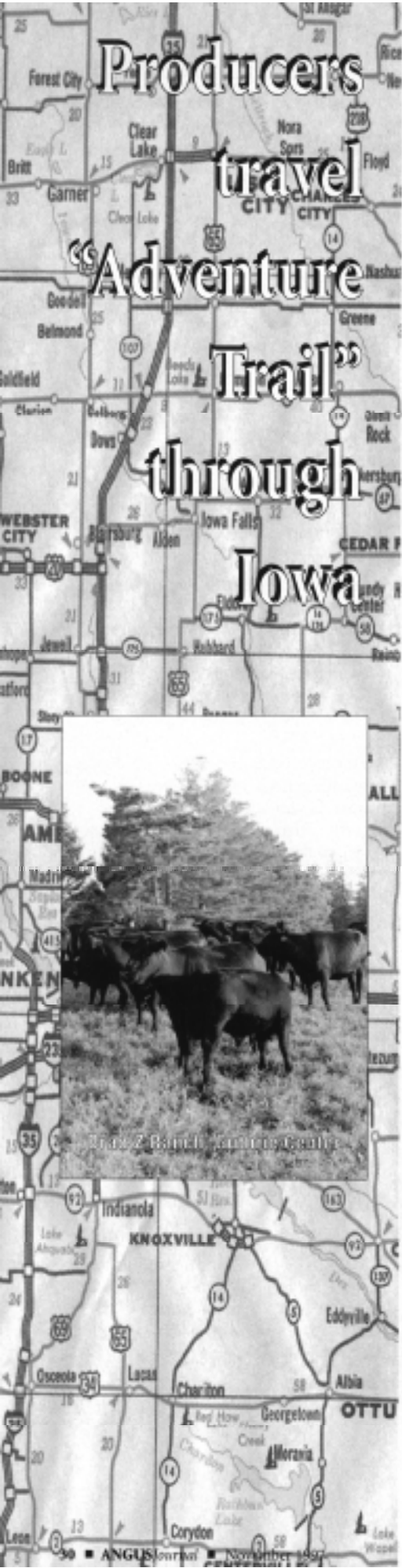
He adds, "The traits of importance are birth weight, growth, maternal, reproduction, carcass traits and convenience traits — udders, disposition, structure and eye appeal."



Between conference sessions, Scott Johnson, Angus Herd Management System (AHMS) department director, answered questions about AHMS software.




Monday afternoon, National Conference attendees toured the Iowa State University (ISU) animal science department. During the tour, ISU faculty demonstrated a Warner-Bratzler shear force test.



More than 300 people attended the Iowa Angus Tour, Sept. 13 and 14 in central and western Iowa. Cattle producers from 20 states and four foreign countries participated in the Iowa Angus Association's Adventure Trail Tour preceding the National Angus Conference in Ames.

The two-day event included stops at: TNT Angus, Winterset; Skarda Farms, Afton; Werner Angus, Diagonal; Hoover Angus Farms, Ellston; Varley Angus, Menlo; Prairiedge Angus, Walnut; O'Neill Angus, Logan; Van Meter Feedyard, Guthrie Center; and Brad Z Ranch, Guthrie Center.

During the stop at Van Meter Feedyard, several speakers presented information on various feeding programs conducted at the feedyard. Presenters included Rich Hull, Precision Beef Alliance; Steve Olson, Iowa Cattlemen's Association bull test manager; and Kyle McGruder, Purina Mills, who explained Purina's Impact feeding program.

Ken Conway, manager of the Angus America alliance, spoke at the final stop on Sunday at Brad Z Ranch. He explained to tour participants the benefits of an alliance, how to become a member and the benefits of membership if you have good cattle. 



Neal Smith welcomed guests to Prairiedge Angus, near Walnut. The Prairiedge herd originated in 1988 when the Smith Family purchased four bred cows from pioneer Angus breeder P.K. Pratt. Over the years, the Pratts were mentors to the Smith Family. In 1977, the Smiths bought the original Pratt homestead.



Tour participants view cow-calf pairs at Hoover Angus Farm, Ellston. The farm is owned by John & Barb Kiburz and David & Joy McFarland and their daughter, Landi. After viewing the cattle, attendees hit the feedbunks for a steak dinner and all the fixin's.