

# The Biggest Challenge

If you ask beef producers about their biggest challenge, they might say it's just making ends meet. But if they reflect on the big picture, they'll tell you it's satisfying consumer demand. Getting that job done means being willing to change, to study the market and to take aim at a well-established, premium target. It also means less worry about just making ends meet.

Specifications for the *Certified Angus Beef*® (CAB®) brand haven't changed in 25 years, but widespread producer involvement is a recent development. In 1998, when licensed packers paid CAB producers \$4 million in the value-based market, the Certified Angus Beef LLC (CAB) Feedlot-Licensing Program (FLP) was developed. Currently, packers are paying more than \$20 million a year in CAB premiums, and the FLP has grown to 77 partners in 17 states.

When Hays Feeders LLC, Hays, Kan., signed on in early 2001, manager Bill Saba and assistant manager Kendall Hopp entered a learning phase. Now, this division of Pratt Feeders LLC, Pratt, Kan., has entered an action phase, Hopp says. After the CAB "Commitment to Quality" seminar and a couple years of dialogue with FLP staff, the men know what it takes for producer-customers to meet CAB qualifications in their herds.

Saba says the feedlot first became CAB-licensed to "attract more customers," but he and Hopp soon realized it would take more than a signature on a license. They set a goal of having 30% of all CAB-enrolled calves meet the brand's carcass standards, and that has been their guide to the future.

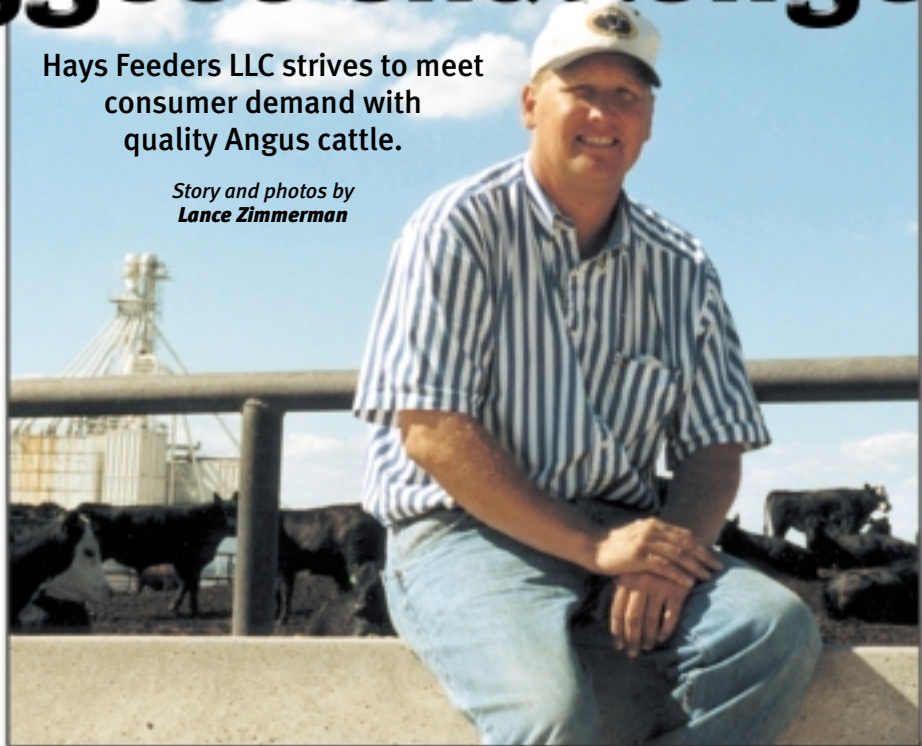
Currently, around 20% of the feedlot's cattle qualify for CAB carcass standards, just a few points above the national average. With the right focus and cooperation from Angus producers, Hopp says they can achieve their goal. But why should Angus producers cooperate?

## Cooperation is key

That's the only way to meet the challenges, Hopp says. Through genetic selection and networking with feedlots to gather data, cow-calf producers can discover what changes to make. "That's what it means to get involved with CAB," he explains.

Hays Feeders LLC strives to meet consumer demand with quality Angus cattle.

Story and photos by  
Lance Zimmerman



► Hays Feeders LLC assistant manager Kendall Hopp says it takes more than a signature on a license to be a successful Certified Angus Beef LLC feedlot partner. The feeding company set a 30% CAB acceptance rate as a target; 20% of their cattle qualify today.

Sometimes it is as simple as genetic fine-tuning after information feedback, but often a significant shift in genetics is required. "It all starts with genetics," Hopp says. "When you deal with reputable Angus seedstock producers, you can find all the answers you need.

"We like to tie into higher-quality, more-uniform genetics that are more predictable," he adds. "We have so much variety in the beef industry today, it's nice to get the type of cattle that you know will do well in the feedlot."

There will be more of the right kind as the CAB information river begins to flow, Saba says. "Many producers are really trying to use the [carcass] information in their breeding programs now. The premiums sure generate producer interest," he notes. "They take a closer look at the traits cattle need to meet CAB carcass qualifications."

Producers find other advantages in aiming at the CAB target. Julie Kinderknecht, Hays Feeders veterinarian and CAB quality assurance (QA) officer, sees the benefits from

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► The staff at Hays Feeders say they have something in common with most cow-calf producers: a growing focus on the consumer, brought home by the growing packer premiums for CAB products. Through better, known Angus genetics, they are moving toward a balanced carcass that meets quality and yield standards.

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a health standpoint. “The biggest thing I notice about the cattle we put into the CAB program is that the calves never come through my chute,” she says. “The CAB cattle are generally higher-quality and stay healthier than other feedlot calves.”

The best way to increase the percentage of calves achieving CAB acceptance is to use data to cull cows. The combination of pedigree, cow herd, feedlot and carcass information makes it easier to identify cattle that work from ranch to plate, she says.

“It may take more work to get to where you want to be,” Kinderknecht points out. “But in the end it pays to be picky.”

You can’t tell much from looking at black hides, even if you know they are Angus, Hopp has found. “The thing with a lot of Angus cattle is they have a good quality grade, but they don’t yield that great,” he says.

Today’s Angus genetics include cattle that can excel on both sides of the grade, with better feedlot performance, and those kinds

of cattle will always “find the right ticket,” Hopp says.

### Where credit is due

Saba and Hopp credit the CAB program for starting what has become a growing trend in the beef industry — rewarding producers for developing the right product. “It is going to cost the same to produce an animal with a desirable carcass as an animal that misses the target. Since you have the same fixed costs, you’d better try to get as much out of your dollar as you can,” Saba says.

Economics will encourage producers to aim for the CAB target. “Otherwise, they may simply be producing a commodity product,” Hopp says. “Producers who want to add value to their cattle and get paid for it will have to know where they’re at.”

One of the unique aspects of the CAB program that Hopp appreciates is the growing network of producers with a common goal. “In the past there has been some distrust among the different sectors of the beef industry because we are all so competitive,” he says. “As we become more integrated, and as the information we have brings us together, things will be different. There won’t be as many secrets.”

The carcass data that CAB provides is the key that helps Hays Feeders network with Angus producers and gets them involved in the program. As the feedlot builds its ranch contacts, Hopp says one of the most popular options is to “partner with the feedlot.” By retaining a percentage ownership, producers find a lower-risk way to monitor calf performance from arrival at the feedlot to grading at the packer.

Direct contact with Angus producers on retained ownership is a growing trend, but Hopp sees more cattle buyers getting involved, too. “People are out there trying to buy the better cattle with more history to back them up,” he says. “That way they know how the cattle will perform and can justify paying more for them.” In turn, the feedlot’s investor customers have become “more sophisticated,” Hopp says. “They want to know how cattle did last year and the year before that.”

Saba and Hopp say they have something in common with most cow-calf producers: a growing focus on the consumer, brought home by the growing packer premiums for meeting their demand for CAB products. Hopp adds, “The easiest way for everybody to win is by working together with CAB to meet the challenges we all face.”

