



Angus Stakes

▶ by *Shauna Rose Hermel*, editor

Building your business

One of the hardest parts of building any business is getting started. According to a January 2016 survey reported on www.statisticbrain.com, 25% of all startup businesses fail in the first year, 36% fail by Year 2, and 44% fail by Year 3. The good news is ag business startups have a better chance than most (56%) of being in business after four years. Compare that to 45% for communication and 37% for information businesses.

Still, we'd like to make building an Angus business a surer thing.

Causes of failure

The survey reported on Statistic Brain indicated the No. 1 cause of business failure was incompetence. Specific pitfalls within the category were emotional pricing, living too high for the business, nonpayment of taxes, no knowledge of pricing, lack of planning, no knowledge of financing and no experience in recordkeeping. Such incompetencies accounted for 46% of business failures.

Causing 30% of startup business failures, the survey categorized as “unbalanced experience or lack of managerial experience.” Specific pitfalls falling within the category were poor credit-granting practices,

expanding too rapidly and inadequate borrowing practices.

No. 3 on the list of major causes of business failure, accounting for 11% of the failures, was lack of experience in the line of goods or services, which encompassed not carrying adequate inventory, no knowledge of suppliers and wasted advertising budget.

The top two management mistakes identified by the survey were (1) going into business for the wrong reason and (2) advice from family and friends.



Survival assistance

For new herds or those long established, the American Angus Association and its affiliate entities have a bundle of programs

and services designed to help you prosper in your business. Of course, four of the core services designed to benefit every member of the American Angus Association and add value to your registered cattle include:

1. Angus Herd Improvement Records (AHIR®). Your participation provides the means to analyze your cattle within herd and across herds to make selection decisions, while the database that results from member participation underpins the most recognized and trusted national cattle evaluation system in the world. The expected progeny differences (EPDs) and dollar value indexes (\$Values) that result help make you a more informed evaluator of your cattle and a more trusted supplier to your customers. Used appropriately, they remove some of the risk of the cattle business by increasing the accuracy of your decisions.

2. The Certified Angus Beef® (CAB®) brand. Created to add value to registered-Angus bulls, the CAB program has certainly added value to Angus cattle in general. As we go forward and more black-headed cattle qualify phenotypically, having proof of the registered bull behind a set of feeder calves will become more important. Feeders won't

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rare feat for someone who's immersed himself in the business since college, when he let go of the long-held aspiration of being a concert pianist. The years that followed were a blur of everything from waiting tables to working on menu development with national chains.

J-FAT is a relaxed spot with a fancy-to-focused menu and fits in the niche called "premium-casual." A typical lunch crowd can mix a work group in heels with a beach crowd in bikinis.

"When we opened in San Diego (May 2010), I thought it would be more hipster-oriented. From Day 1, we had millennials to retirees. We're not pigeonholed into any one style," he says. "It's girls night out, it's families, date night, birthday parties and, of course, holidays."

The 2014 launch of Dana Point was a whole other beast.

"We opened quietly on a Tuesday night and did 300 dinners. Those first three months were one of the toughest openings because I never expected the numbers," he says, noting the volume, and sales validated and set precedent for the concept moving forward. "We just came out of the gate strongly, and we've never looked back."

Consistency: the main ingredient

Looking back is common to J-FAT customers. Two or three times a week, Wilhelm sees people dine on dishes that tie back to his Midwestern roots, where he was the oldest of six and his mother prepared meals from scratch.



"I was all about the whole meat-and-potatoes thing," he says. Of the diversity he found through travels around the country and working summers in New York City, he adds, "I loved the variety of different cooking styles, so I really wanted to make Jimmy's a celebration of all things Americana."

Today's numbers keep the party going.

"We're not a huge account," he says from the front booth, "but hopefully we're on our way to becoming a substantial one. Our target is to not look at a location site if we don't think it can do at least \$5 million in annual sales."

A Santa Monica expansion is set for September 2016.

From behind the scenes in one to on the scene in another, Wilhelm's learned too many things to retell them all in an afternoon; but if his success has anything in common, it's consistency.

"We drill down to micro specs for the production recipes," he says.

He's been known to take successful dishes off the menu if they can't be executed consistently every time.

"If a guest comes in on two different occasions, orders the same dish and has a different

eating experience, you're not building brand loyalty. It's about being meticulous, it's about tasting the sauces," Wilhelm says.

"It starts with the raw product," — something he's found with the *Certified Angus Beef*® (CAB®) brand, and why he considers himself "a brother in arms" with the ranchers who produce it.

Their world is more of the inland West and days of old; his, a modern-day

opposite. Still, Wilhelm, like his ranching counterparts, well understands there's more to the lifestyles than frolicking calves and smiling customers.

"We go through similar challenges, and what they do is extremely appreciated," he says. "When it hits the table, I don't know that we can ever convey the work it took to get there."

Like the team he trains in "the back and front of the house," the flame keeper says ranchers are an equal part, and arguably the most important.

"They're providing my number-one-selling protein," he says. "We may not charge \$56 for a ribeye here, but my customers still expect the same value at our price point of \$36."

"When I know that somebody's got my back and I don't have to worry about what's coming in the kitchen door, they're making my job and my day easier," he continues.

Like a line out of a cattleman's journal, Wilhelm reflects on getting out of the business. He's 66 and says there's never been a day he hasn't looked forward to coming to work. Sure there's a long-term plan to sell the chain, but then he'd just open up a restaurant in Laguna to "tinker with it."

"There's only so much golf you can play," he says, "and I'm still having fun."

Angus ranchers, whether near the sleepy towns of the West or the wide-open spaces of "The West," help feed customers in their home states and elsewhere, even those on the Coast. So, for all those who walk less in restaurants and more in pastures, rest assured Wilhelm walks with you, just on different ground.



Editor's Note: Laura Conaway is a producer communications specialist for CAB.

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stay in business long paying premiums on black calves only to have lackluster performance in the feedlot and on the rail.

3. A national advertising campaign. The Association's advertising campaign is created to add demand for all registered-Angus cattle. While each herd is responsible for promoting itself, you are backed by a national advertising program that brings commercial cattlemen to a registered-Angus breeder and feeders to those who raise calves from those genetics. Top that off with CAB's marketing programs to create the pull-through demand, and members of the Association are backed by one of the most powerful marketing programs in the ag industry.

4. Information. From one-on-one discussions with in-house staff and regional

managers to research funded by the Angus Foundation to reading the pages of the *Angus Journal* and watching *The Angus Report* on TV, Angus members and their customers have access to more information on which to base educated decisions for their farm or ranch.

Targeted programs

While the core four are general and global to the membership, some programs and services are more targeted. The Roll of Victory Show Program is specific to cattlemen using the showing to promote their herds. The AngusSource® program is specific to those focused on creating the end product and helping their customers realize value in that pursuit. MaternalPlus® can

offer a means of evaluating your cow herd performance.

I could go on and on. We haven't mentioned sale books or websites, scholarships or producer education opportunities, decision-support modules such as customized \$Values, or the Angus Convention. Bottom line, exploring your member benefits will go a long way toward mitigating the risk inherent in building any business.

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