



# Big Time Quality

Nothing Poky about it but the name.

Story & photos by **Steve Suther**, Certified Angus Beef LLC

**C**ustomers sometimes just call it Poky. It is certainly not slow, shabby or cramped, though. They mean it affectionately, like the founding cattlemen in the early 1980s called their north-central Iowa hometown, the seat of Pocahontas County.

The group had sent so many loads west to be finished that they decided to buy a yard. Unfortunate timing nonetheless provided a start for what grew to be one of the largest feeders of high-quality cattle in the world: Poky Feeders of Scott City, Kan.

A 30-year and continuing mission transformed this once-struggling feedyard into a huge, but family-oriented business dedicated to “the people side” and premium-quality beef. That’s why the *Certified Angus Beef*® (CAB®) brand chose to honor Poky Feeders with its 2016 Feedlot Commitment to Excellence Award at the brand’s annual conference in Tucson, Ariz., Sept. 22-24.

### Quality in quantity

The main yard south of Scott City, Kan., holds 80,000 cattle and stretches

2 miles east of its frontage on U.S. Route 83. There are 25,000 yearlings out on ranches owned or leased from Oklahoma to Montana, and Poky has partnerships with other finishing yards that can hold 50,000 more cattle. The main yard turns 3,600 head each week.

Quantity wouldn’t matter so much were it not for the quality. In 2015, 36.8% of 120,000 Poky cattle harvested at National Beef Packing were accepted for the CAB brand. That amounts to nearly 45,000 head, allowing for sales of up to 13 million pounds (lb.) of branded product to add value to Angus cattle.

Only one of the original owners is involved now: Wayne Anderson, Williams, Iowa, has been president of the company

since its inception and remains a key part of the leadership team.

Today’s managing partner Joe Morgan came out from his Atlantic, Iowa, Angus-farm roots when the 1980s Farm Recession still gripped the Plains.

“There were 18%, even 19% interest rates then, and some of the guys from Poky were having trouble,” Morgan recounts. “I was running a yard just outside of Omaha, and my uncle managed a big yard in Texas, so I knew something about the business when they asked me to come out.”

He’d also grown up a farmer-feeder and fed cattle commercially while at Iowa State University. So in 1985, Morgan moved west to bring his business and marketing skills to bear on managing Poky Feeders. There was no grand scheme or 30-year plan then, of course.

### Turnaround

“It was more about survival. I had a family to support and needed a job,” Morgan says, noting the partners who stayed on provided guidance. Two years later, he saw enough daylight to buy into what was then a 17,000-





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head yard, but he also saw the ongoing challenge of a risky business.

“Most of the cattle were company owned at the time,” he says, contrasting that with the current 5%. That shift was gradual as customers wanted to own more of a growing herd.

It speaks more to the consistent quality in the Poky system today than a shift in risk, says Grant Morgan, son and assistant manager who came back in 2008 after a few years in allied industry.

“We own only the higher-risk pens,” he explains. “Customers know that, and it helps build our base.”

From the start, his father says, “We figured that to grow, it was going to be more and more

important to do the right things and promote the right things. It was going to make us more successful and our customers more successful.”

There was never any question that Poky joined its fate to that of customers, making common cause on calf health and yearling programs.

Ranchers had little incentive to retain ownership or improve their cattle, so it wasn't always easy to build new relationships across the country. However, weeks on the road were made possible by outstanding staff back at the yard.

“Our customer base grew thanks to a lot of good, reliable people who have devoted their lives to us and the success of Poky,” Morgan says.

### Growing the concept

As they fed more and more of the best cattle, the yard grew to 30,000, then 40,000 head in the mid-1990s when friends in the area began meeting to kick around ideas that helped create U.S. Premium Beef (USPB) a couple of years later. The producer-owned cooperative's success led to another wave of Poky expansions to current capacity.

“We didn't have the full concept at first, just looking for ways to market that would generate more income for people with higher-quality cattle, instead of one price fits all,” Morgan says. “We felt — and I think it's been proven since — that if we could reward those focused on the consumer eating experience, we could increase the demand for beef.”

Talk ranged widely from collective bargaining to building a new packing plant. “Every week was a new idea for a little while, until we all got on the same page,” Morgan says. The ideas of grid marketing and strategic alliances were sweeping across the beef industry.

“Many of us were ready to do something, but we also had a hard time getting general acceptance because the industry was going through a big transition in how we market cattle,” he notes. “Some other groups have tried since then and weren't very successful. I feel blessed that ours did work.”

Investing heavily in USPB shares with the right and obligation to supply many thousands of cattle, Morgan took that risk to reduce it and reward quality going forward. Obligations met opportunity as the cattle feeder redoubled efforts to build relationships with producers from Arkansas to Oregon.

Geographic spread was one more way to diversify, drawing calves and yearlings

CONTINUED ON PAGE 100



## Big Time Quality CONTINUED FROM PAGE 99

off grass in different seasons while limiting adverse effects of local weather and markets. It also broadens opportunities for commercial feeders.

“What seems too high in one part of the country may be cheap for customers in another,” he says.

Poky customers in the last year number more than 300 in 13 states. They include scores of ranchers who, like the Morgans, understand the great advantage of Angus cattle in providing both functional cows and premium beef.

### Customer view

Many of those include second- and even third-generation managers still making handshake deals like the friends they are at heart. Klint and Lori Swanson, of Shipwheel Cattle Co., Chinook, Mont., represent hundreds in recollecting the roots of their link.

“I’m guessing it was around 20 years ago when Joe came to our place,” Klint Swanson says. “I remember him sitting down at our kitchen table and visiting. He said that he had heard about my family’s [Apex Angus] cattle and was very interested in purchasing our steers.”

A deal was struck.

“We’ve been sending them cattle ever since,” Swanson says. So have many customers and friends across the Northern Plains and Rocky Mountain ranges.

“My wife and I married in 1998 and had



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an opportunity to lease her family’s place south of Chinook, where we moved in 2000,” he says. “We kept selling our steers with Apex for several more years but went out on our own in 2009, and, since then, have primarily sent the top end of our steers from our commercial herd.”

They grade 90% to 100% Choice consistently with 65% qualifying for the CAB

brand. Fifteen Shipwheel registered-Angus bull customers who sell to Poky came down for a tour last year and went on to tour National Beef Packing plants at Liberal and Dodge City, Kan.

“I’m planning to take another group of customers down in the near future,” Swanson says, noting both feeder and ranchers appreciate what they accomplish together.



“We raise balanced cattle that excel in every trait. We know you can have high-quality beef and maternal, just don’t reach too far one way or the other.”

You can include rate of gain in that target as well, Morgan says, noting some Northern customers produce Angus calves with 60% CAB and Prime, “and daily gains in the fives. We are feeding the fastest-growing, best-grading cattle we’ve ever fed.”

### Targeted improvement

The Poky brand has become known for inclusive excellence, where the consumer and customer always come first. That runs parallel with standard operations within the other 17,000 CAB partners at every link in the supply chain.

Morgan says he watched the brand’s creation as a young Angus producer, seeing its growing influence across the industry and on the registered herd he maintained at Scott City until recent years. CAB really stepped up to realize its potential there “when it became a line item on the packer grids,” he says.

“If you put a target out there with a reward, a farmer or rancher will get there — it’s just their nature,” Morgan says. “Everybody thought they had the best steer in the West until they fed and found out.

“When one guy got a \$30 or \$40 premium over a neighbor’s cattle, it didn’t take long for people to realize they had to improve their genetics — the message was passed on to the



ranch pretty fast,” he says. “Once they knew marbling was highly heritable and didn’t affect the maternal side, they were able to meet their goals.”

Still, it took decades of selection and culling, the current eight-year upward trend in quality grade a result of signals sent from the first wave of grid marketing, Morgan says.

Many took the basic step of using Angus bulls to turn their herds black because it increased the likelihood of premium calves at the sale barn. That’s a good start toward a next step of keeping records on postweaning performance, Morgan says.

“When we get data back from the packer listed by calf tag, it doesn’t do me any good because I don’t know the genetics at home,” he notes. “But it’s really important to those people, so we pass the data along, even if they don’t retain ownership. We push the data out there, and we’ve seen big changes in some herds because of that.”

Genomic testing is the next step for an increasing number seeking the confidence to feed, say Morgan and Swanson.

Functionality remains the bedrock and owners keep aiming to improve the maternal side, especially along the Canadian border where temperatures can vary more than 150 degrees.

“Mother Nature sorts them out pretty quick,” Swanson says, but modern technology is taking a hand, too.

“There’s a little more interest in Zoetis 50K testing every year from customers,” he says. “A few of them are also using the GeneMax® test. It is exciting to see commercial producers putting in the extra effort and expense to

try and improve their herds. Those are the kind that deserve a big premium for their calves. You can start to see a little bigger price differentiation every year between the really good calves and just calves.”

Poky and its network of like-minded partners across the West will gladly feed more of the really good ones, but not by building more pens next to those that already hold 80,000 head.

The main yard is at a practical limit for feedmill size and a seasoned crew. Departmental foremen, a risk manager and a longtime chief financial officer assure continuity there while Joe and future manager Grant Morgan look to the broadening avenue of partnering.

Brookover Cattle Co. a few miles northeast of Scott City, Kan., and Lloyd Waller Feed Lot, Holdrege, Neb., are feedlot partners, and several ranches from Oklahoma to Montana have formally joined the group through leases. Scores more participate on a handshake basis.

“When you lease a ranch, you’ve got a local person to carry on the tradition, the genetic progress and animal welfare will continue — the whole philosophy will continue. One of the things we’re proud of is that we’ve built a network of people that will last.”

Grant “keeps pushing” his father to grow the business.

“His coming back sure gave me a new reason to continue at this pace,” Joe says. “We’re not going to take a step backwards.”



**Editor’s Note:** Steve Suther is director of industry information for Certified Angus Beef LLC.

▶ A 30-year mission transformed Poky Feeders into a huge, but family-oriented business dedicated to the people side and premium-quality beef. They’re big, yes — big on quality. Sales to National Beef last year on behalf of 300 customers included nearly 45,000 Angus cattle accepted for the brand, enabling 13 million lb. of product sales. Digital readers, click this photo for a short video featuring CAB’s 2016 Feedlot Commitment to Excellence award winner.

