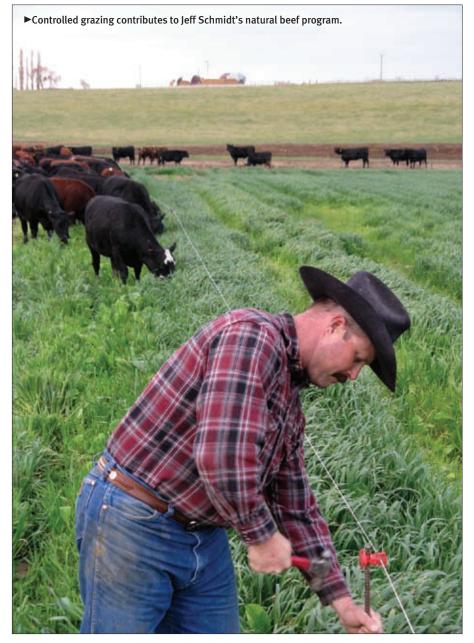
MARKETING & CUSTOMER RELATIONS



Conception to Consumption

From conception to consumption, a father-son Angus team from the Pacific Northwest takes 'family-raised beef' to a whole new level.

Story & photos by Ed Haag

As the local farm product movement grows, so does the demand for locally produced beef. No one knows this better than the father-son beef production team who has been in the vanguard of this lucrative but demanding niche market.

"When our customers spend their money on beef, they want quality," Roger Schmidt says. "A big part of that assurance of quality is knowing who raised what they are eating."

Since 1977 Schmidt and his wife, Ellie, have built a reputation for selling familyreared natural beef out of their retail outlet, Sunny Farms Country Store. Located in the town of Sequim, on western Washington's Olympic Peninsula, their Whole-Foods-style grocery operation stocks high-end produce and meats for a discerning customer base with the financial resources to pay for quality.

Schmidt's family-reared beef is differentiated from conventional boxed beef products, which are also sold in the store, through its distinct Roger's Natural Beef label, which represents a branded premium product exclusive to Sunny Farms Country Store. All of Roger's Natural Beef has its origins in a single 400-cow herd — purebred Angus and purebred Shorthorn, managed by Roger's son Jeff on the family's 640-acre JR Ranch in eastern Washington's Columbia Basin.

"Our retail customers know that the animals raised for Roger's Beef haven't been out of our sight at any stage of their development," Jeff says. "It is just part of our program."

He adds that the 80 steers per year selected for Roger's Beef receive no antibiotics, implants or hormones and are ranch-finished on grass, hay and corn ear silage.

"Nearly everything that goes into these steers is produced on the ranch," Jeff says. "It takes longer to finish that way, but our retail customers prefer it to conventional beef and are willing to pay a premium."

As a purebred operation, the Schmidts also sell seedstock — approximately 80 Angus and 30 Shorthorn bulls at their annual production sale in February.

In addition to raising feed for the Schmidt herd, the JR Ranch produces a variety of fruits and vegetables. These are sold at retail, through the Sunny Farms Country Store in Sequim, and from a family-operated fruit stand in the Columbia Basin.

Model of diversity

Rod Wesselman, American Angus Association regional manager, is well aware of the Schmidts' commitment to maintaining CONTINUED ON PAGE **98**

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strict control over how their steers are raised. "They have a really unique operation," he says. "It is set up so they can oversee their animals' progress from beginning to end."

Another unique feature of the Schmidt operation is its diversity of products and markets, Wesselman says. "Besides their

commercial cattle operation, their retail outlets and their produce business, the Schmidts sell breeding bulls, females and even club calves for 4-H and FFA kids."

For Jeff Schmidt, diversity doesn't end with markets. Crop diversity helps him maximize the production potential of his land base. He cites, as an example, his recent success in growing two successive crops over a single season - something that

would not be possible without the kind of diversification that leads to a range of cropping options.

After harvesting a fall-planted small grain or a spring-planted sweet corn, Schmidt sows a blend of winter triticale and spring oats in mid-August. By October the annuals are tall enough to graze. Cattle that would normally receive baled hay from October through November and then in March and early April have access to fresh grass.

"The less hay I have to cut and bale the more money there is in my pocket," Jeff Schmidt says. "It is just basic economics."

He adds that the oats in the mix emerge rapidly and are available for intensive grazing in October, while the winter triticale sprouts but remains in the understory until winter sets in. While a severe winter kills most of the spring oats, the winter triticale enters its dormant stage, where it remains viable

through the coldest period of **"Our customers** the year. When conditions are normal in Schmidt's region, know that the the triticale breaks dormancy animals used to produce Roger's Beef haven't been out of our sight at any stage of their development." - Jeff Schmidt

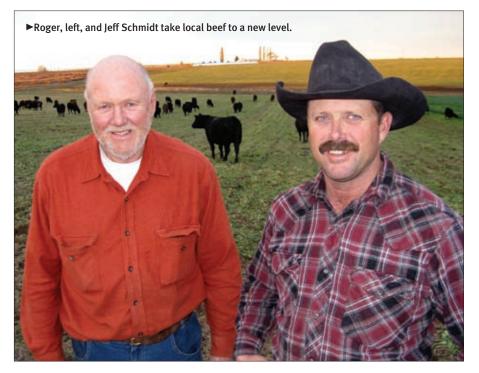
at the end of February and is available for grazing in March and April. "In milder years, when there is less winter kill in the oats

and a shorter or no dormancy period in the triticale, this opens the door to year-round grazing," Schmidt says optimistically.

Besides the financial advantage of extending his grazing period, Schmidt notes that a system that seeds for fall and spring grazing simultaneously is more efficient than seeding the two grains separately. Based on the research conducted by Schmidt's seed supplier, Progene Plant Research, it is estimated that 14 acres of the blend can accomplish the same production goals as 10 acres of each grain seeded separately.

Customers come first

For Roger, feeding fresh forage for as long as possible also offers some real nutritional



"When your customers demand quality and are willing to pay a premium, then that is what they should get," Roger says. "For our Roger's Beef customers that means no antibiotics."

He points out that when steers are allowed to graze on grasses that are high in fiber and nutrients they are less likely to require antibiotics. This is especially true when animals aren't pushed for weight gain, Schmidt says, adding that the time from weaning to harvest on their steers can exceed 150 days.

"Because one crop of calves has to supply our store over the whole year, we stagger finishing," he says. "Calves that we want to finish last we start out on straight grass."

Depending on their stage of development, steers can receive haylage, chopped hay, chopped straw, corn silage and/or corn earlage. "The further up the finishing process we move, the more corn silage and earlage we feed," Roger says.

The Schmidts' commitment to optimizing beef quality does not end at finishing. Both Roger and Jeff say rearing steers is just the first part of the equation. What happens to the carcass after harvest also has an effect on the final product.

Roger's Natural Beef steers are harvested in a federally inspected facility a couple of miles from the ranch. Carcasses are halved and hung in an aging cooler awaiting transportation to the store in Sequim.

Before shipping, the carcasses are quartered then loaded into refrigerated trucks for their 6-hour journey to Sunny Farm Country Store. Once they arrive, they are reloaded into a second aging cooler.

"One major reason why our customers like the taste of our natural beef has to do with how it is aged," Roger says. "We hang the carcasses in a very dry aging cooler for 21 days to enhance palatability and tenderness."

As expected, Roger's Natural Beef does cost more than the conventional boxed beef that is also carried in their store.

"We are receiving around 20% more for our natural beef than we do for the other product," says Roger, adding that, in spite of the higher price, their store sells enough Roger's Beef to require the shipping of three carcasses a week through the summer months and two a week during the rest of the year.

Changing with the times

When asked the reason for their operation's success, Roger is quick to respond that experience is one of his family's greatest allies. At the age of 68, he can honestly say 60 of those years have been spent selling homegrown farm products.

"I started working at my father's fruit stand in North Seattle when I was 8," he recalls. "That was the beginning of my career."

Later, Roger operated his own fruit stand in Bothell, Wash., before moving to Sequim in 1976 to start a plant nursery and produce farm. The following year, on his new farm site, he built and opened a produce stand to sell his locally raised products, a venture that would eventually evolve into Sunny Farms Country Store.

While Roger's primary passion was raising and selling fruit and vegetables, son Jeff's interests gravitated to beef cattle. In 1976 the Schmidts purchased their first beef cow, a registered Shorthorn. This was followed by new additions to their small, but growing herd.

"In the beginning we raised beef for ourselves and to sell custom halves and quarters to local customers," says Roger, adding that as retail business grew, so did his packaged meat sales, until store demand forced him to change his beef marketing strategy. "When you get about 40 halves behind and you don't have the resources to cut or produce them all, then selling custom beef no longer made sense."

Instead, he would focus on producing a line of prepackaged natural beef sold exclusively through the store. Even by dropping half and quarter sales, Roger realized that a major herd expansion was necessary to just keep up with the increasing demand for his natural beef.

Jeff, who had just returned from college, was both willing and able to assume responsibility for an expanded herd, but rising land prices in the Sequim area made the purchase of acreage for a cattle operation financially prohibitive.

After broadening their land search to eastern Washington, the Schmidts settled on the Columbia Basin and, in 1991, Jeff and his young family moved to a 640-acre farm site on the outskirts of Othello, Wash.

Shift to Angus

For the Schmidts, one of the biggest transitions to occur since moving their cattle operation to eastern Washington was the introduction of registered Angus cattle into their herd in 1998. While pleased with the meat quality of the Shorthorn, both Jeff and Roger recognized the breed's limitations in a region dominated by black cattle. This was especially true for an operation that was hoping to make inroads into the business of selling bulls.

"When we started trying to sell Shorthorn bulls, they were difficult to market," Roger says. "Angus was a different matter. For every Shorthorn bull sold you could sell five or six Angus bulls."

The Schmidts were also impressed by the organizational support they received from the Angus people. "When checking into the breed, the Angus had a really strong association," Roger says.

For Roger Schmidt, developing the right cattle and growing a successful retail food business are similar in one significant way:

"Whether you are building a herd or building customer loyalty, it takes time to do it right," Roger says. After a pause, he adds, "Quality takes time."

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