



Meet in Montana

September 15-17 • Bozeman, MT



Angus Producers Meet In Montana

Record crowd turns out for 2010 National Angus Conference.

Story & photos by **Kindra Gordon & Shauna Rose Hermel**

Angus producers turned out in record numbers Sept. 15-17 for the 2010 National Angus Conference & Tour (NAC&T) in Bozeman as cattlemen from 33 states and three countries met in Montana. More than 630 registered producers attended Wednesday's conference at the GranTree Inn, while ranches fed upward of 850 guests at individual tour stops.

The event was hosted by the American Angus Association and the South Montana Angus Association with sponsorship of Purina Mills LLC and Alpharma Animal Health.

Conference speakers including Tracey Erickson, Chef John Doherty, Charlie Powell, Lee Dickerson and Randy Blach focused on the challenges and opportunities facing the cattle industry.

Vice president of marketing for Certified Angus Beef LLC (CAB), Erickson shared reasons for the *Certified Angus Beef*[®] (CAB[®]) brand's staying power — even during the recent financial recession. She shared the brand's marketing efforts and invited producers to join in the effort to make a personal connection with the consumer.

Doherty, former executive chef of New York City's famed Waldorf=Astoria, shared with producers how to elevate their businesses by leading rather than managing. He challenged producers to raise more CAB Prime product to keep it on the menu.

"Anyone today with access to electricity and the Internet can potentially impact your business faster than any news organization in history," said Charlie Powell, senior public information officer for Washington State University's College of Veterinary Medicine. Powell discussed why "social media" are today essential business communication tools.

► **Above:** Kyle Frye, 12, handed out data sheets for some of the Angus cattle on display at KG Ranch near Three Forks. Kyle's father, Ron Frye, oversees marketing for the ranch.



► **Left:** American Angus Association CEO Bryce Schumann addresses producers at Van Dyke Angus Ranch.

conference or information about next year's conference in Georgia with the Georgia Angus Association, contact Shelia Stannard, director of activities and events for the American Angus Association, at 816-383-5100.

Following are highlights of Wednesday's conference:

Bridging the gap from producer to consumer

"I'm here to share some good news; we've got some things to be proud of," Tracey Erickson told cattlemen as she kicked off the conference Wednesday morning.

"Beef is still king," Erickson said, reporting annual sales of CAB have been growing despite the economic downturn during the last few years. "It is an interesting phenomenon with CAB. Being in a premium category, we have had staying power," she stated. She noted that, particularly in the retail sector, CAB sales have remained strong, and for 2010 the restaurant market is beginning to rebound.

At present, CAB has 13,500 licensees worldwide and sells 3.1 billion servings annually. However, to continue CAB's success, Erickson emphasized the need to continue bridging the gap from producers to consumers. She pointed out that many of today's consumers are two or three generations removed from a family farm. They may not even know someone who lives on a farm.

"It's a long road we all have to be engaged in," Erickson said. "Consumers just don't know our industry."

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Lee Dickerson of Purina Mills brought cattlemen a practical production message: Cow nutrition during the entire gestation cycle greatly influences calf fetal development and future health and performance of the calf. While nutrition discussions often focus on the last trimester, research in the field of epigenetics is showing the importance of cow nutrition throughout pregnancy to fetal health and lifetime production.

Cattle-Fax CEO Randy Blach ended the conference on a positive note. Providing an economic "state of the industry," Blach explained why he envisions some of the most profitable times in history ahead, especially for cow-calf producers.

As many as 13 buses and an entourage of cars navigated the scenic Gallatin Valley around Bozeman to glimpse some of the area's premier Angus genetics. Stops included KG Ranch, Three Forks; Hyline Angus, Bozeman; Armstrong Angus Ranch, Cardwell; Wheeler Mountain Ranch, Whitehall; Split Diamond Ranch, Whitehall; Van Dyke Angus Ranch, Manhattan; the Montana State University Animal Bioscience Lab, Bozeman; Leachman Angus Ranch, Toston; and Sitz Angus Ranch, Harrison. In addition, several other producers displayed cattle at the scheduled stops.

Angus Productions Inc. (API) provides comprehensive online coverage of the event at www.nationalangusconference.com. Visit the site for overviews of the tour stops; information about the speakers; summaries

of the speaker presentations, along with audio and PowerPoints; photo galleries of the tour; and links to other online coverage of the event.

Further coverage, including videos, releases and individual interviews, is available on the Newsroom and Video pages of the American Angus Association website (www.angus.org). Contact the Public Relations and Communications Department at 816-383-5100 or calbers@angus.org for footage or more information.

For more information about the



► **Above:** Some of Montana's premier genetics were on display throughout the tour.

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To that end, Erickson explained that CAB is working to “bridge the gap” by working to better inform consumers about the attributes of CAB brand products. The company currently has three chefs on staff who travel frequently to home shows, ballparks and other events in urban settings to make sure the CAB message is in front of consumers.

Additionally, CAB has added brand extensions, including Natural, Prime and Prime Natural products. This diversification helps offer more choices for consumers within the CAB product, Erickson explained.

CAB has also created tabletop tents for display in restaurants. The displays feature Angus producers, putting the faces of real ranchers in front of the consumer, Erickson said.

Erickson encouraged Angus producers to get involved in informing consumers about the Angus product they raise. She suggested hosting ranch visits for chef or consumer groups, introducing themselves to retail and foodservice partners who carry the CAB brand, and becoming an “ambassador” for the industry through the National Cattlemen’s Beef Association (NCBA) Master of Beef Advocacy (MBA) program and/or the brand ambassador tutorial now offered online by CAB.

Programs such as these help give cattlemen tools to better communicate in terms people understand and begin to help bridge the gap from producer to consumer, Erickson concluded.



► Al Pell of *AgDay* interviews Peter Parnell, CEO of Angus Australia.

To view the Brand Ambassador tutorial offered by CAB, visit www.cabpartners.com/BA/player.html. To view the brand’s consumer website, visit www.certifiedangusbeef.com. To view the brand’s web page featuring cattlemen raising cattle for the brand, visit www.certifiedangusbeef.com/producers/index.php.

Chef shares lessons with cattlemen

“We have a lot in common,” Chef John

Doherty told cattlemen at the 2010 NAC&T. “We manage money, processes and people to run our businesses.”

That said, Doherty offered insights about being a successful leader in business and managing employees, while also offering some of his perspectives about the beef industry. Specifically, Doherty emphasized that there is a difference between managing and leading.

“A manager is trying to manage process and get things right,” he explained. “A leader has the ability to inspire someone to be their best. They become part of your vision of what you want to achieve.”

From his experience, Doherty said it is important to build a team by getting employees involved in the business. As an example, he said, “Instead of saying, ‘Here’s what I want you to do,’ ask, ‘How do you think we should do this?’”

Likewise, he said, he has found praise to be a powerful motivator. “It’s contagious, people want to be recognized for what they do,” Doherty said.

Doherty noted that once he recognized the difference between managing and leading he was able to elevate the entire kitchen output at the Waldorf=Astoria’s renowned Bull and Bear Steakhouse.

His message to Angus producers in taking this concept back to their own operations was this: “If you continue to do what you’re doing, you won’t change. Working harder doesn’t equate to change. You’ve got to



► Several vendors, including major sponsor Purina Mills LLC, participated in a small trade show during the conference.

change what you are doing.”

He added, “Quality always works, and doing the right thing always works.”

Regarding a quality beef product, Doherty complimented the Angus industry, saying, “*Certified Angus Beef* is one of the many products that helped change the face of the Waldorf. Our goal is to get people talking at the table. We want them to take a bite and start talking about the food because it is so good.”

Since 2001, Doherty has offered both CAB Choice and Prime beef on the Waldorf’s menu.

Doherty shared that a CAB Prime New York Strip steak on the Waldorf menu sold for \$46. Last year his cost to purchase that Prime steak was \$25. In 2010 that price has climbed to \$37 due to the tightened supply for beef. Because of that increased cost and lower margin, Doherty said the Prime product was recently taken off the Waldorf’s menu.

“When it’s losing you money you just can’t do it,” he said. Thus, he told the producers in the audience, “We need more Prime meat; can you work on that, please?”

In closing, Doherty said he always tells his students, “There are no special people, just ordinary people who have done great things.” He told the cattlemen, “You can do great things, so go do great things.”

Presently, Doherty is principal of the New York-based Wolfpak Hospitality Group, which hopes to have a contract for a new restaurant in place by the end of 2010.



► An enthusiastic crowd representing 33 states and three countries, filled the alleyways at KG Ranch to view the cattle on display.

Heed the power of instantaneous communications

The growing influence of social media is something beef producers “can’t afford to ignore,” Charlie Powell advised conference participants. Powell’s specialties

at Washington State University are crisis and risk communications, as well as media relations and institutional promotion.

Powell said communication formats such as blogs, cell phones, RSS feeds, Twitter, Facebook and streaming video like YouTube can no longer be considered “social media.” Instead, Powell said, these platforms have become “essential business communication.”

Why are these social media outlets so powerful? They allow direct peer-to-peer communication that is limitless, inexpensive and available 24 hours a day, seven days a week, 365 days a year, Powell explained. “Seventy-eight percent of consumers trust peer recommendations.”

As a testament to the size and power of these communication formats, Powell relayed the statistic that if Facebook were a country, it today would be the third largest in the world, behind only China and India. “So there is huge information potential there,” Powell said, noting that it can render industries like beef quite vulnerable.

“You need to understand that any information that can negatively impact your market can move instantaneously,” Powell explained to cattle producers in the audience. “Anyone today with access to electricity and the Internet can potentially impact your business faster than any news organization in history.”



► Performance data on the display cattle was analyzed as these two gentlemen reviewed a set of bulls. To see galleries from all the tour stops, visit www.nationalangusconference.com.

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And, unfortunately, there are few if any checks or balances in place on any aspect of these communications, he added.

Powell's advice to beef producers was to acknowledge this new instantaneous world of media and be prepared. "The media business is your business. Get over it," he said. "There is no media chain anymore in a crisis. Expect them (the public) to be there before resource officials in a crisis response."

He suggested the beef industry must "steward the production of their product" by keeping the public informed about everyday ranching practices. "Talk about your actions," Powell advised. "Preload the public with information such as why we brand, vaccinate or preg-check, etc." This can help build understanding before a crisis occurs, he pointed out.

Additionally, Powell said producers:

- ▶ Should prepare for a crisis to occur — and be broadcast to the world — more quickly than ever before.
- ▶ Cannot depend upon regulatory agencies to respond quickly enough. "They are hampered by lack of personnel, budget

and sometimes understanding," Powell said.

- ▶ Must anticipate that employees and the public can record every action you take.
- ▶ Can expect these actions to appear online.
- ▶ Should contract, train and monitor employees, so that proper treatment of animals and handling of a crisis is top of mind.

Sustained nutrition critical for fetal development, lifetime performance

Cow nutrition during the entire gestation cycle greatly influences calf fetal development and future health and performance of that calf, emphasized Purina's Lee Dickerson. Dickerson explained that fetal programming — which refers to maternal events during the development of the fetus — is a research area yielding a lot of new information with applications for the beef industry.

Specifically, Dickerson said, it is being realized that environmental factors like inadequate fetal nutrition can cause an organism's genes to express themselves

differently — even though the genes themselves don't change. In research terms, this is called epigenetics.

Moreover, the epigenetic changes brought about during fetal programming are not limited to the fetal period. As an example of this, human research studies are showing that children who had inadequate nutrition as a fetus developed lifetime health problems, such as diabetes, hypertension, glucose intolerance, renal failure and cardiovascular disease. The studies also show that an increased risk for these health conditions is passed on to future generations.

Dickerson shared that research in the beef industry is indicating that the phenomenon of epigenetics also applies to cattle — with implications to future calf health, growth and carcass performance, and reproduction.

Thus, he suggested, cow-calf producers should strive to ensure that cows are receiving consistent nutrition in early, mid- and late gestation.

"Each trimester appears to be critical,"



▶ A scenic Montana morning and an array of breakfast goodies greeted tour participants at Hyline Angus just outside of Bozeman.



▶ For the final stop of the 2010 tour, bulls and data sheets awaited the tour visitors at Sitz Angus Ranch near Harrison.

Dickerson said. He noted that the industry has tended to focus on cow nutrition during the last trimester — when more than 75% of fetal growth occurs. However, he pointed out, the first two-thirds of pregnancy is when the placenta develops, organs differentiate and grow, and muscle cell growth and proliferation occurs.

“All the muscle cells that calf will ever have develop as a fetus, not after the calf is born,” Dickerson said, further making his point about the importance of cow nutrition during pregnancy.

Dickerson concluded by encouraging cattlemen to recognize that, “The gestational nutrition of your herd this year imprints the lifetime genetic potential and performance of subsequent generations.”

Fetal programming research, as it applies to beef cattle, is being carried out by private industry and at land-grant universities across the county.

Blach anticipates optimistic future, especially for cow-calf producers

Cattle-Fax economist Randy Blach painted an optimistic picture for beef producers as he addressed conference attendees.

The future “looks pretty good,” Blach told cattlemen. “I think there is a tremendous opportunity for cow-calf producers who know their costs, manage production and have market savvy. The cow-calf sector could have the most profitable three to four years ahead as any time in history.”

Blach attributed his bullish outlook to the economic recovery that is under way and the current supply and demand picture for beef. He explained that beef cow inventory is at an all-time low, creating tight supplies, while demand — particularly global demand — is beginning to gain momentum.

For 2010, demand is up 5%, with export demand showing strong potential for growing, Blach reported. “Demand growth will be slow, but we believe the worst is behind us.”

Along with that, Blach said he expects beef supply to remain tight into 2011. “We don’t have enough beef to meet demand, and the beef cow herd is going to be 3,000-4,000 head smaller as of Jan. 1, 2011,” he stated.

If those trends continue, it should drive prices higher for all classes of cattle and allow for profitability — even despite increasing production costs, Blach predicted. “Cow prices are going to get higher; they may reach all time highs very easily. Fed cattle and feeder-calf [prices] could be higher as well.”

Specifically, Blach said he anticipates

market conditions could lead to fed cattle averaging \$94-\$95 per hundredweight (cwt.) by the end of this year and be \$3-\$4 higher than that next year. If demand goes up significantly, prices could go above \$100 per cwt.

For cow-calf producers, Blach said some industry expansion will be needed to meet the growing demand — and that spells opportunity.

“When you see that the national herd is smaller and is going to be even smaller on Jan. 1, that means it will be three years until we can impact production,” he noted. “What’s the opportunity? You can see what the masses are doing. Not many are keeping heifers or buying a few more cows, so those who do will have a pretty good payday.”

“We need a few of you to keep a few more heifers,” he continued. “We don’t need a huge expansion, but we need a stable herd with a little bit of up tick.”

Blach explained that with genetic improvement in the industry contributing to increased market weights, the industry does not need 5 million more cows to meet the anticipated growth in demand. But, he said, “we do need 600,000-700,000 more cows by the end of this decade.”

He added, “Cow-calf producers are going to have a good run the next several years. There’s a chance we’ll see cow-calf prices up where we’ve never experienced.”

Blach tempered his optimism noting that much will still hinge on signals sent by demand, the ability to have access to global export markets, and commodity grain prices — particularly for corn.

“A risk is the corn price, which is projected at \$5.50 by spring 2011,” Blach said. “This is a very risky business. The market is going to be there with opportunities, but so will the risk. You may need to consider using futures and options to be able to take some of those profits when they are there.”

Blach also expressed his concern over the currently proposed GIPSA rule by USDA. “You need to read it and understand what the ramifications are and then weigh in on it,” he told producers. “The genetic programs you’ve invested in are at risk. It could set us back to commoditized prices of the 1970s and ’80s when profit margins averaged \$2.04 per head.”



► Chad Armstrong welcomed visitors to his family’s Angus operation near Cardwell.

In comparison, he credited premium beef programs — such as CAB® — with adding another \$20-\$22 per head — which equates to \$5-\$7 million to the industry annually. Blach questioned, “And some don’t think these markets work? ... That’s what a free market will do, and we need more of it.”

Rather, Blach emphasized the need to continue gaining access to export markets and allowing for free markets. He noted that between 2004 and today, reduced export trade due to BSE (bovine spongiform encephalopathy) has cost between \$70 and \$75 per head.

“Those are the kind of things our government needs to be fixing ... instead of getting in our markets [with GIPSA]. Call your congressman and senator and tell them we need to get access,” Blach encouraged.

As further proof of the importance of trade, Blach said, “What we export brings 50 cents more than what we import, so that’s money in your pocket. We need trade, and we need more trade.”

In closing, Blach reiterated that cow-calf producers should evaluate expansion opportunities ahead. If market factors follow the demand trends anticipated, he told the cattlemen in attendance, “There are opportunities for some of you out in the room today.”



Editor’s Note: For comprehensive coverage of the event, visit www.angus.org and www.nationalangusconference.com.