

A Natural Partnership

Program provides systems approach to center-of-the-plate beef production.

Commentary by **John Butler**

For years the leadership in the beef industry has touted the need for our business to become consumer-driven. One of the many challenges we have faced is the segmented and somewhat antagonistic relationship that has traditionally existed within the beef value chain.

If we truly desire to be competitive in the protein marketplace, we will need to reconstruct the way in which we produce, grow, feed, harvest, disassemble and market our product to our ultimate customer — the consumer.

In addition, we must recognize that we have many consumers with a wide array of needs and expectations of our product. It is one thing to theorize about changes we think we need to make to become more competitive; it is entirely different to put these concepts into practical application.

On Feb. 2, a group of individuals representing virtually all segments in our industry announced the establishment of a partnership — a partnership that embraces the need to work together, create synergy and implement a systems approach to center-of-the-plate beef production.

Fulfilling demand

Certified Angus Beef LLC (CAB), Tyson Fresh Meats and the Beef Marketing Group (BMG) announced the launch of two branded beef programs that will be made available at the retail level during the first quarter of 2006. The initiative was put together as a result of recent consumer

research indicating a tremendous demand for a high-quality, natural branded beef product.

Collectively, we agreed to define “natural” as product that has never received antibiotics or hormones or been fed any type of animal byproducts. This so-called “never ever” promise is difficult to achieve.

However, it allows us the greatest opportunity for true product differentiation. It is important to make clear that we will not position this product as any better or worse than commodity beef. It is merely a choice based on what we feel some consumers will pay more for.

Why the partnership, and why now? You are familiar with *Certified Angus Beef*[®] (CAB[®]) and the success it has experienced as perhaps the most successful and widely recognized brand in the beef industry. And, of course, we all know Tyson Fresh Meats as the largest processor of beef and beef products in the world. To make this work, and to make it work long-term, there must be a preharvest commitment to assemble these cattle and manage them in a way that will assure the consumer that the product will deliver on the brand promise.

Proven partners

The BMG is a cattle-marketing cooperative consisting of 14 feedyards and a number of grower operations located in Kansas and Nebraska. The cooperative was formed in 1987, and its focus has been to produce and market safe, wholesome beef products for its customers on a consistent basis. It has implemented one of the most sophisticated food safety Hazard Analysis and Critical Control Point (HACCP) and animal care systems in our industry. The BMG has supplied source-verified products to one of the largest foodservice distributors in the United States for more than three years.

PHOTO BY SHAINA ROSE HERMEL

In December 2005, the BMG received Quality System Assessment (QSA) certification from the U.S. Department of Agriculture (USDA),

making cattle produced under this certification eligible for export markets.

With its proven track record, the BMG was a “natural” to partner with CAB and Tyson Fresh Meats to produce product for the two branded products — CAB Natural and Star Ranch Natural Angus Beef.



The infrastructure we now have in place validates the age, source, genetic background and health management of our cattle, which we believe provides us with a unique position within the industry.

Amazing transformation

To ensure integrity and a consistent supply, we have devoted four (soon to be five) of our feeding operations to this project. It has been an amazing transformation. We now have the opportunity to work with many top commercial Angus cow-calf operators, and we are also working with a very high-quality feeder animal at the feedyard level. The personnel at each of our yards seem to have a renewed sense of commitment to the job they are doing.

One of the prerequisites for this program is for the calves to be preconditioned and weaned. As such, the cattle are healthier, and there seems to be a sense of pride in taking care of these cattle I have not witnessed previously.

These are the highest-quality cattle in the industry. We have paid a lot for them, and we are extremely proud to take care of them. Looking down one of our bunks just after feeding and seeing these consistent, black, thick Angus-based feeder cattle is a wonderful sight.

We certainly feel there is great potential in the “natural” market. I once felt it was a niche market and that it would never be more than a niche. With the most recent consumer research we have completed, I no longer feel that way. The growth of end users now demanding this product is compelling and will allow our system to grow the value opportunity vs. fighting among the traditional segments within the beef value chain over stagnated margins.



Editor's Note: John Butler is chief executive officer (CEO) of BMG. This commentary was provided upon request.



►During a press reception at the 2006 Cattle Industry Annual Convention, John Butler explained the BMG's excitement to work with CAB and Tyson to supply CAB[®] Natural beef