



Best Practices Manual

A cow-calf guide to producing for the CAB® brand.

by Steve Suther

To make money from cows, your bull customers have to keep producing a fast-growing calf every year. But that's not enough if those calves don't produce the beef consumers want. The new *Best Practices Manual*, a new "how-to" report from Certified Angus Beef LLC (CAB), spells out the means to pleasing those who bring new dollars to the beef industry.

"Consumers have spoken clearly in restaurants, grocery stores and in research panels," says Mark McCully, CAB supply development director. "They're saying they want taste, which comes from marbling, and the market reflects that with higher prices for USDA Prime and premium Choice beef."

The *Certified Angus Beef*® (CAB®) brand was born to meet that demand and has grown to be an industry icon for quality. "That's because the brand delivers on a promise, and packers pay producers more

than \$40 million a year to keep the supply coming in," McCully says.

Producers share in those premiums when they take steps to realize the potential in high-quality Angus genetics, he says. The money represents "why" producers would aim for the CAB target. The next consideration is "how," and the new management guide from CAB covers most of that question.


"The *Best Practices Manual* is a great follow-up on last year's special report, *Supplying the Brand*," McCully says. "That report explained how the 'pull-through' effect in the everyday open market bids premiums for cattle that hit the CAB target. This new report gets down to the nuts and bolts of production decisions."

Nuts and bolts

Presented in five main sections after an introduction, the manual provides insight into general management, genetic selection, health, nutrition and marketing. "We think that the average producer could double their herd's CAB acceptance rate by following this guide," McCully says. "That could double your premiums."

The average of 15% to 16% CAB acceptance could eclipse 30%, resulting in millions more pounds of CAB product to supply newly licensed retail chains and restaurants around the world, and more premiums paid to producers.

The *Best Practices Manual* draws on advice from more than a dozen animal scientists and industry professionals in each of its sections. However, a cost-benefit analysis is hard to pin down.



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Herd improvement requires some investment, economists point out. Some specific recommendations, such as individual animal identification (ID), are means to an end. "But ear tags do not make a manager," says Iowa State University's (ISU's) John Lawrence. "Decisions make a manager and vice versa."

Health programs pay by lowering cost of production more than from the revenue side, Lawrence says, although studies at several universities, including ISU, show premiums of more than \$6 per hundredweight (cwt.) for third-party certification. "To get that higher price, you'll need to do more than just produce that healthy calf," he adds.

University of Missouri economist Vern Pierce couldn't agree more. "Production

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Good to great: CAB seeks demonstrator herds

The goal behind reports such as *Supplying the Brand* and the new *Best Practices Manual* is to empower producers to see the incentives and follow the map to get to that point where everybody wins. If you or your bull customers want to establish a CAB link to help benchmark progress, click on the story information form at www.cabpartners.com/news/story_form.php and provide some details, or call Steve Suther at 1-877-271-0717. Let's get started.

parameters are part of the package, but not the whole package,” he says. “It’s understandable that people get excited improving health, genetics and nutrition, but they absolutely have to get just as excited about marketing to capture the added value.”

Adding value

Indeed, the CAB manual introduction warns, “A value-added product sold as a

commodity will bring a commodity price.” Its innovative marketing ideas section includes an outline for a feeder-calf “Value-Discovery System” similar in function to the grid marketing now popular for finished cattle.

Many of the suggestions in the management guide are cost-neutral or provide a relatively short-term payback. Buying better bulls could be an exception.

“Genetic selection represents some of the greatest potential for adding value,” Pierce says. Like Lawrence, he acknowledges that the return takes years and marketing focus, but “there’s no good alternative. If you don’t act to improve genetics according to expected progeny difference (EPD) standards — if you don’t learn to play this game now, your cattle may face discounts in the future.”

Lawrence says producers may see different rates of return on their added investment, depending on their starting point. The economic law or theory of “diminishing returns” holds that the first steps toward a goal pay the most, with more modest returns to further fine-tuning. The producer not following these practices and whose calves reach no more than 10% CAB could see a faster payback than one who’s already most

of the way there and achieving 30% CAB.

Ultimately, the *Best Practices Manual* is no more than a set of guidelines for those who want to produce high-quality beef and reap the rewards for doing so, McCully says. Its foundational ideas and theories are science-based, but like all science, they are subject to being replaced as the body of knowledge grows. Moreover, many are in need of local adaptation to environment and resources.

As the manual says in closing, “Perfection will never be attained; proceed with the certainty that you can always do better than what’s considered best right now.”

For copies of the *Best Practices Manual* or *Supplying the Brand*, contact Marilyn Conley of the CAB supply development team at 1-800-225-2333, or email mconley@certifiedangusbeef.com.

