

*Stay in business  
for the long run*



It's hard to differ with the beef industry's new long-range plan, if you consider 2010 long range. Unveiled Feb. 2 at the National Cattlemen's Beef Association (NCBA) meeting in Denver, the plan calls for common sense.

While your radar sweep might extend several years beyond 2010, we do well to keep building our future four or five years at a time. If you want to drive somewhere, you have to follow a route and take it one section at a time. Let's review the sections of the continuing plan we have followed since the early 1990s.

Arguably, the beef industry got serious about long-range planning when it helped create the Beef Checkoff; certainly, when it commissioned the 1991 National Beef Quality Audit (NBQA). Then like now, we were near the peak of a cattle price cycle and most producers were not especially worried about beef quality. Results showed an inefficient industry that was producing too much waste fat and not enough taste fat or marbling.

Producer leaders considered that first NBQA a wakeup call. As cattle prices headed lower, leaders made plans to turn around what was becoming a 20-year slide in consumer demand. They looked at the success of high-quality branding and began to chart the Choice-Select spread. A brand-like initiative was created. Some producers formed their own vertically aligned beef cooperatives. The industry commissioned a second NBQA-1995, which showed that progress would take time.

The National Cattlemen 's Association joined forces with the National Live Stock & Meat Board to make NCBA's unified voice, and they created a 1996 long-range plan. Born in the depths of cyclical low cattle prices and just after the merger, the plan called for "a dynamic and profitable beef industry, which concentrates resources around a unified plan, consistently meets consumer needs and increases market share."

That vision was tweaked in 2001 to address "global customers," but it held fairly steady through a third NBQA-2000 and the commissioning of NBQA-2005. There has always been a link between the assessment of beef quality and the long-range plan.

The current, simpler vision calls for "a beef industry that is profitable, growing and sustainable for future generations." This cut to the chase does not signify a departure from previous plans. It's just that by now, we hold some goals to be self-evident.

The beef industry has always hitched its wagon to research, partly because science is separate from the pressures of society. Now, however, the long-range plan has evolved guiding principles that incorporate producer sociology.

A central theme is that "the U.S. beef industry is uniquely independent and interdependent." It fosters the "freedom to choose your own business models, marketing techniques, partnerships or organizations." But it concludes with a call to work "together toward a shared vision" of producing "the world's most preferred protein." That's how we will increase profit opportunities and grow beef demand.

Like table legs, the plan rests on four priorities creating value, growth, sustainability and opportunity. Each has givens and new frontiers. Givens include age/process/source-verification, continuing work on beef demand drivers, proactive government policy and a goal of 100% animal identification by 2007.

The new frontiers are many, aimed at finding pathways to success for each producer and recognizing that everything starts at the cow-calf level. Growth and opportunities should come from

the natural global advantage of U.S. grain-fed, high-quality beef, and matching products with market-by-market demand. Sustainability should come from political action as well as proactive communications that “tell our story.”

What is true for the industry is just as true for the individual—if everyone buys into the plan, it can’t miss. But market conditions have distracted us. When calves are \$1.40/lb., plans seem less important.

Keep in mind that consumer dollars determine prices. Without the 20% increase in consumer demand since 1998, the recent peak would have been more like \$.90/lb. The new plan calls for another 10% increase in demand by 2010, which should help offset the lower prices that come with the cyclical increase in beef supplies.

To achieve that next step in demand growth, we will have to wake up again. Many of the negative issues in the 2000 NBQA have only gotten worse—too much external fat, oversized carcasses, too few high-quality cattle. We can change for the better, and dollar incentives are about to kick in to get our attention.

Prices will stay at profitable levels for the right kind of cattle, managed for a high-quality endpoint. Take steps now to discover what you have and improve its value to the consumer. Next time in *Black Ink*, we’ll look at managing for quality. Questions? Call toll-free at 877-241-0717 or e-mail [steve@certifiedangusbeef.com](mailto:steve@certifiedangusbeef.com).

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