



*CAB Corner on Quality* (graphic file logo for heading available on request)

July 2003

## Responding to Demand

*By Steve Suther, Director, CAB Industry Information*

The term, “supply development” is rooted in the beef product side of the industry. End users are well satisfied with the 25 years of consistent high quality they have found in the *Certified Angus Beef*<sup>®</sup> (CAB<sup>®</sup>) brand. To borrow from a country song, they like it, they love it, they want some more of it.

Increasing demand calls for a greater supply, which must be developed. That wasn't a problem for the first 20 years as CAB grew by licensing more and more packing plants. But when more than 80% of the packing capacity had signed on, getting more of the world's most popular fresh beef brand had to start at the farm and ranch gate.

How do you get cattlemen to produce more of anything? Show them the money, and how to make it their own. Fortunately, the U.S. market economy is working: when consumers demanded more, CAB licensed packers began paying more. In the last five years, premiums for CAB-accepted cattle have grown from a few million dollars to some \$50 million a year.

CAB expanded producer-focused efforts in 1998 with separate Genetic Programs, Feeder-Packer Relations and Industry Information Divisions, more recently combining the first two as the Supply Development Division. The CAB Feedlot Licensing Program (FLP), launched in 1999, continues as a focal point to build networking and information sharing.

The fact that only 8% of beef is good enough to meet CAB specifications is a noteworthy claim to consumers. That fact also frames the challenge to producers and the CAB Supply Development Division. Producers must realize that the 8% figure is the industry average, not a measure of how unattainable the CAB specifications are.

Producers who think they need only sell “black cattle” to participate in the CAB bonanza can expect frustration in making progress toward capturing more premiums. The national average among all black cattle that meet other muscling and breed type visual qualifications is about 18%. With a few years of conscious genetic and management effort, that can double.

One has only to look at the winners of the 2002 Best of the Breed (BoB) contest to find pens of 80 to 160 Angus steers that achieved up to 90% CAB acceptance. In late spring, historically strong premiums for Prime, CAB and Choice presented opportunities for \$150 to \$200 premiums over Select cattle, so it’s no problem to show that the money is out there.

The challenge is learning how to guide your genetics, management and marketing program to bring it home. The BoB winners may have relied on cutting edge technology such as ultrasound to select feedlot groups, but such technology is affordable and part of the profit equation today. In all cases, the top value Angus cattle started with excellent genetics that were balanced to work on the ranch, as well as in the feedlot and packing house.

The CAB supply development division has a long history of helping producers gather carcass data and turn it into useful information. It began as a conduit for Angus sire evaluation program data a decade before the FLP. But the feedlot focus opened the door for producers to network with feedlots committed to feeding quality Angus type cattle.

The FLP, with more than 80 licensed CAB feedlot partners across the United States, has become one of the industry’s most reliable sources for data retrieval and analysis on Angus influenced genetics. The database already contains information on more than 400,000 animals, and data-capture efficiency exceeds 95%.

One of the most exciting opportunities available through the FLP is the 2004 National Angus Carcass Challenge (NACC), sponsored by CAB, *Drovers* magazine, and the American Angus Association Beef Record Services (BRS). The ongoing contest, a successor to BoB and the 2003 NACC, is designed to find the highest value group of 40 Angus-sired cattle and provide opportunity for discovery and recognition in a competitive format.

From a producer's viewpoint, "supply development" is really an organized response to demand. Many of the industry's producer alliances work with CAB supply development by channeling production into value-based grids at CAB licensed packers.

You can work with any of them or simply contact a CAB licensed partner feedlot. Commit your genetic, management and marketing programs to one of the most profitable targets in the beef industry and enjoy the fruits of your efforts as provided by the U.S. free market economy.

Let your breeding program realize its potential in carcass performance and profitability. Visit *cabfeedlots.com* on the Web, or call me at 877-241-0717 to learn more.

END