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Chris Melson, Panhandle Feeders Manager, 308-247-2004

Full-throttle flexibility

Panhandle Feeders wins CAB Quality Focus Award with pedal to the metal

If you can't find the type of cattle you want to feed, create them, share the genetics and buy back the progeny to feed. Monitor results and keep improving over time.

It's all part of the plan at Panhandle Feeders, a 20,000-head Certified Angus Beef LLC (CAB) partner yard at Morrill, Neb. But the plan, unlike that of any other CAB feedlot, delivers performance and quality on a grand scale.

The CAB Quality Focus Award for feedlots larger than 15,000 head often features a *Certified Angus Beef*[®] (CAB[®]) brand acceptance rate near 30%, on perhaps 2,000 enrolled cattle sorted for a grid.

Panhandle enrolled nearly 20,000 head, June through May 2009, sold them on the live market and achieved 28.2% CAB and Prime. Most of them, 16,540 head, were eligible for the brand.

Winning the award was just an outward sign of an integrated performance program that hits the quality target. Manager and co-owner Chris Melson accepted at the CAB annual conference in Scottsdale, Ariz., Sept. 18.

"We're not in this for recognition, but because we want the information," Melson says. "We don't try to guess which ones are good. We enroll every pen we can."

Success is a team effort, from Larry Rice, who bought the yard in 1994, to Melson and assistant manager Steve True, cattle clerk Diane Ulrich and a crew of 20 others who share the vision.

The program was built on experience. Rice has been a stocker operator and order buyer for 30 years and Melson was a Cargill order buyer for 21 years, buying into Panhandle in 2003. They bought and sold thousands of cattle, tracking profit. True held previous positions at Continental Grain and Horton Cattle Co.

"Money in feeding still comes from a combination that has more to do with performance than carcass," Rice says. He used to feed more Continentals than Angus, because that was the only way to get performance.

Too many Angus cattle matured early and then marbled. So when Rice started Snake Creek Angus 10 years ago, “we started with Angus outliers that had the genetics to marble early in that growth curve.” After dispersal and rebirth as Flag Ranch, Rice maintains registered bull sales, rapid turnover in his commercial herd and a customer buy-back program that fed 10,000 calves last year.

Rice, Melson and a few others make up 90% of the customer base at Panhandle. Their common goals are profit and the flexibility to achieve it. “With the volatility and capacity issues in this industry, we want to market based on our opinions rather than commitment to the grid systems,” Melson says.

The focus on quality keeps the cash sale option available. “We get our premiums from the way our cattle feed,” he says. “We’re marketing cattle while they are still going up on the efficiency curve.” They hit the show list the day they plateau and therefore win in the yield-driven system. “Anything that is high or low CAB gets talked about,” Melson adds. “We want the ones that can do it all under constant pressure to perform.”

That pressure can produce diamonds. Last year, the calves from Rice’s commercial heifers were implanted three times before they were a year old, yet finished with 7% Prime, 88% Choice and less than 5% Yield Grade (YG) 4s at 13.5 months. They were sold live, without grid premiums, but they hit a home run.

“CAB helps us define our product, but it’s not a premium market for us,” Melson says. “Having that acceptable quality helps us get cattle sold when we don’t have heavies or YG 4s. If you don’t have the quality, then you can’t get them sold and you are forced to grid them.”

Neither Continentals nor yesterday’s Angus cattle will do. “But you take the right black steer, high-percentage or straight Angus, and he will eat the ration more consistently and on a better consumption curve than the Continental,” he says.

“We couldn’t find those cattle 10 years ago, but our group has been able to bring all that to the table, along with the product attributes Angus cattle are known for, the marbling and the CAB brand of steak,” Melson says.

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