

COMPETITIVE EDGE
Cattle Marketing for the 21st Century

by

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ABSTRACT

In the last few years the beef industry has rapidly begun to change. The beef industry during my lifetime will not look like the same industry as during my grandfather's. Input costs are rising dramatically, as well as land values. Weather events have impacted the industry and the supply cycle is beginning to change. Producers need to find ways to get higher prices for their cattle in order to remain profitable.

One way to increase their profit is through branded beef and alliance programs. The problem is that cattlemen are good at raising quality products, but they are not the best marketers. Over the past several years though, several beef alliances have formed. There are so many options available today that it can be difficult for a producer to know where to start. This thesis focuses on developing a solution to that problem.

Through this thesis, an online marketing tool was developed. Producers will visit this tool and fill out a simple questionnaire about their operation. They will be given results that will include branded beef programs for which they qualify, along with contact information to find out more. This tool gives producers access to 100 marketing programs, over twenty USDA Process Verified Programs, and close to thirty Quality Systems Assessment programs. This will be a beneficial tool for producers to take a commodity product and change it into a valuable branded product for the consumer.

TABLE OF CONTENTS

List of Figures.....	v
List of Tables	vi
Acknowledgments.....	vii
Chapter I: Introduction	1
Motivation 1.1	2
Objective 1.2.....	3
Background 1.3.....	3
Summary 1.4.....	5
Chapter II: Beef Industry Overview	6
Current Industry Overview 2.1	6
Changing Times 2.2	17
Chapter III: The Benefits of Marketing	20
The Beef Industry’s Changing 3.1	20
Alliances 3.2	21
The Bottom Line 3.3	23
3.3.1 Money in Your Pocket.....	25
Marketing 101 3.4	28
Chapter IV: Marketing Programs.....	32
PVPs and QSAs 4.1.....	35
Types of Marketing Opportunities 4.2.....	39
“Adding Value to Calves” 4.3.....	41
Chapter V: Theory and Methods	44
Theory 5.1	44
Methods 5.2	46
Objectives 5.2.1	46
Methods 5.2.3.....	46
CHAPTER VI: Application Tool Demonstration	50
Competitive Edge 6.1	50

Chapter VII: Conclusion	57
References	59
Appendix A	62
Questions for Online Marketing Tool.....	62
Appendix B	68
List of Marketing Programs	68

LIST OF FIGURES

Figure 2.1 Total Cow Inventory & Commercial Beef Production	6
Figure 2.2 Four Phases of the Cattle Cycle	7
Figure 2.3 Drought Monitor February 18, 2003.....	8
Figure 2.4 Drought Monitor February 19, 2008.....	9
Figure 2.5 Average Cow/Calf Profit (Loss)	10
Figure 2.6 U.S. Average Farm Real Estate Value.....	11
Figure 2.7 World Corn Stocks to Use.....	12
Figure 2.8 Cattle Prices	13
Figure 2.9 Cattle Inputs	15
Figure 2.10 Annual Cash Cost per Cow	16
Figure 2.11 Beef Consumption and Per Capita Spending.....	17
Figure 2.12 Building Great Performance	19
Figure 3.1 Stair Steps to Profitability.....	26
Figure 3.2 Box Beef Premiums.....	26
Figure 4.1 Alliance Program Requirements.....	34
Figure 5.1 Decision Tree	45

LIST OF TABLES

Table 2.1 Regional Cow Costs.....	16
Table 2.2 The Incentive to Compete!- Profitability.....	18
Table 4.1 Comparison of USDA’s PVP and QSA Programs	38

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This thesis is written in memory of my grandma, Doris Chess. She was always pushing me to get my education, especially this Master's. Not a week went by when she did not ask me how my "lessons" were coming. Well Grandma, I finished my "lessons."

CHAPTER I: INTRODCUTION

“Branded Beef is it ‘What’s for Dinner?’” (Lusk, p. 1). We are all familiar with “Beef It’s What’s for Dinner”, but seeing the increase in consumer trends toward purchasing branded beef, we have to question if this trend is around to stay. Looking at some of the branded programs we can see that they have been quite successful. Certified Angus Beef® (CAB) saw record sales in its 29-year history in 2007 with more than 584 million pounds and \$2.5 billion in sales (“Another Record Year”). CAB Natural increased 180%; CAB Prime saw an increase of 23%; their food service market saw growth of 12%; and their international sales increased almost 40% in 2007. CAB is not the only company experiencing growth; Laura’s Lean Beef’s sales for 2007 were anticipated to be more than \$150 million (Cattle Today). The National Cattlemen’s Beef Association (NCBA) statistics showed a growth rate of 17.2% for natural and organic beef sales in 2005 (Cattle Network). Barbara Haumann, spokeswoman for the Organic Trade Association, said that the sale of organic beef in the retail sector for 2005 was valued at \$49 million. That was up from \$10 million in 2003. In fact, organic beef is the fastest growing segment in North America (Aldrich).

With figures and statistics such as these, it is understandable why we see progressively more cattle producers wanting to participate in branded beef programs. By moving away from the commodity market and into the branded market, ranchers gain more ability to influence price instead of being price takers. This is a real advantage for them. The difficulty comes in deciding which program best fits their operations. There are so many branded programs offered, it can be a challenge for a cattle producer to know what is

available to them and best for their business. Ashby Green, Vice President of Producer Education at the National Cattlemen's Beef Association said that there are so many programs in existence but no one location or tool that a rancher can use to see what is available. This thesis focuses on building a tool to help provide a solution to this issue.

Motivation 1.1

Ranchers in general provide excellent beef products. They are very knowledgeable about everyday production management decisions that must be made in their operations like what to feed or what vaccinations need to be given and when. But many do not have the expertise to know how to market their animals any other way than through a sale barn, or some other means in the commodity market. The primary economic objective of a rancher is to make money. They need be profitable to stay in business and provide a living for their family. Providing a good quality product is a portion of being profitable but being able to market it is also essential. This being the case, the client for this thesis is cattle producers. They want to make money and there is money to be made in branded beef programs. There are so many different programs though, that producers can feel overwhelmed by the options. This thesis is designed to help ranchers identify opportunities and narrow down their marketing options to those that best fit their operation.

A secondary client is the Membership department at the National Cattlemen's Beef Association (NCBA). An area of focus in the upcoming years is their membership retention rate. They have a high success rate of bringing new members in, but have a

difficult time retaining them year-to-year. Through this project it will provide a valuable benefit to members. By helping a member improve the profitability of their operation, they will see the value NCBA provides which will potentially encourage them to rejoin year after year and improve member retention rate.

Objective 1.2

The objective of this thesis is threefold. Primarily, it focuses on providing a tool that will help ranchers with their marketing decisions. By providing a tool that will assist producers with this, it will allow them to make a better marketing decision which in turn will help maximize their profits.

A secondary objective is to help cattle producers connect with one another. By connecting producers, this will open their options to more branded beef programs. It will allow them to join forces together to qualify for marketing programs and it will also better enable them to communicate and learn from each other.

The third and final objective is to provide a membership benefit that will add value to NCBA membership. By adding value, I hope to improve the retention rate of membership and add a valuable benefit that will help differentiate NCBA from other beef trade associations.

Background 1.3

The world in which we live today is so much different than 50 or 100 years ago. The beef industry is no different. Fifty years ago beef was viewed as a commodity and sold through

the sale barn. Still today ranchers, small or large, could be profitable using this method of marketing cattle but with consolidation and vertical integration rampant in many other livestock industries such as pork and chicken, beef will be next unless ranchers learn how to market their product. They must realize that beef does not have to be a commodity but can be sold in specialized markets, in markets that have enhanced consumer demand. It is nearly impossible for a rancher with a small herd to compete with a large corporate ranch if they are selling their cattle as a commodity. Large ranches have economies of scale working in their favor, making them much lower cost producers. But if the small producer can better market their cattle through a branded beef program, there may be opportunity for them to be profitable and remain competitive by doing things larger operations cannot do as effectively.

The other reason this project is important is that NCBA must improve its retention rate if they are going to be sustainable in the long term. Over the past few years they have been able to recruit new members at a faster rate than they lose, but this cannot last indefinitely. The beef industry is not only a relatively small industry with only 800,000 producers, but also a shrinking industry with several factors such as urban sprawl, feed costs, input costs, weather, technology, beef demand and other factors making sustained profitability difficult especially for small operations. Recently, NCBA has started to focus more on providing benefits and forming relationships with current members to improve this membership trend. By creating a new tool to help producers be more profitable, plus continuing their other initiatives, we should see an improvement in this area.

Summary 1.4

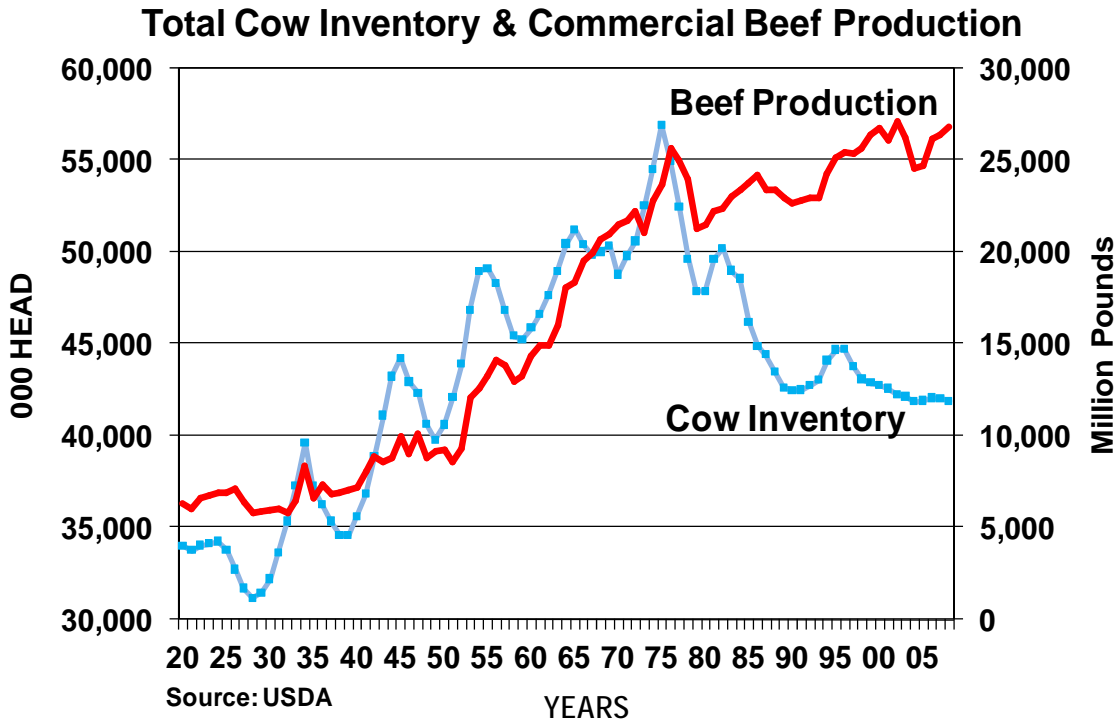
In the next chapter we will briefly review the current state of the cattle industry. The industry is becoming more complex and competitive. We are seeing a new industry emerge and many experts are saying that we will see more changes in the next 10 years than we have seen in the last century (Cattle-Fax).

CHAPTER II: BEEF INDUSTRY OVERVIEW

Current Industry Overview 2.1

It is important to take a look at the current situation in the beef industry so we can understand why we are where we are today. Figure 2.1 displays the total cow inventory and commercial beef production since 1920 (Cattle-Fax). We can see that from the early 1920's to 2000, there was a ten-year inventory cycle.

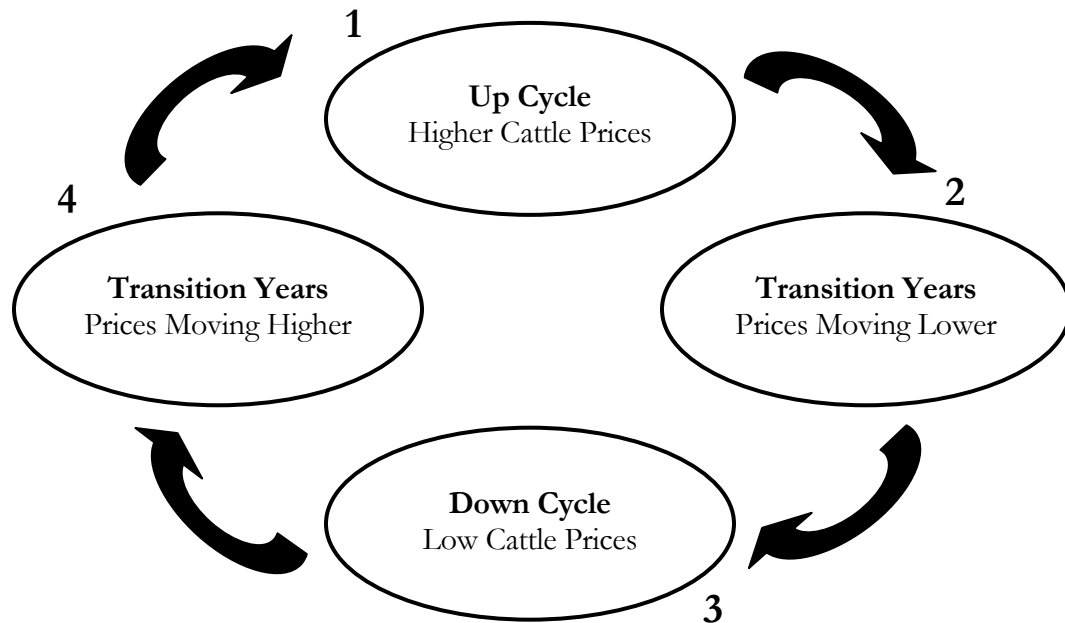
Figure 2.1 Total Cow Inventory & Commercial Beef Production



“Transition Years” are when the prices start to move lower and people reduce their cow herds. The “Down Cycle” is when the both the inventory and prices are at their lowest.

The last phase, “Transition Years,” is when prices start to increase and therefore people start buying back cattle and inventory moves higher.

Figure 2.2 Four Phases of the Cattle Cycle



Source: Cattle Fax

In Figure 2.1 we see in 1975 cow inventory peaked at over 55 million head. Since then inventory has decreased. Total beef production has increased though, due to larger carcasses. Since 2000, the cycle has been disrupted and is not showing the same ten-year inventory cycle. Why is this? Randy Blach, CEO of Cattle-Fax, said we can attribute this to eight key factors:

1. Weather
2. Land Values
3. Ethanol
4. Alternative Land Uses
5. Urban Sprawl
6. Government Policy
7. Age of Producer
8. Profits/Losses

For several years the western part of the United States has experienced drought conditions. In comparing Figure 2.3 and Figure 2.4 we can see that the situation has improved some for the west but they are still experiencing dry conditions (Drought Monitor). The southeast is now also experiencing a severe drought. Between the drought, fires, and hurricanes, expanding cow herd sizes is very difficult even though the cow/calf operators have been profitable (see Figure 2.5) (Cattle-Fax).

Figure 2.3 Drought Monitor February 18, 2003

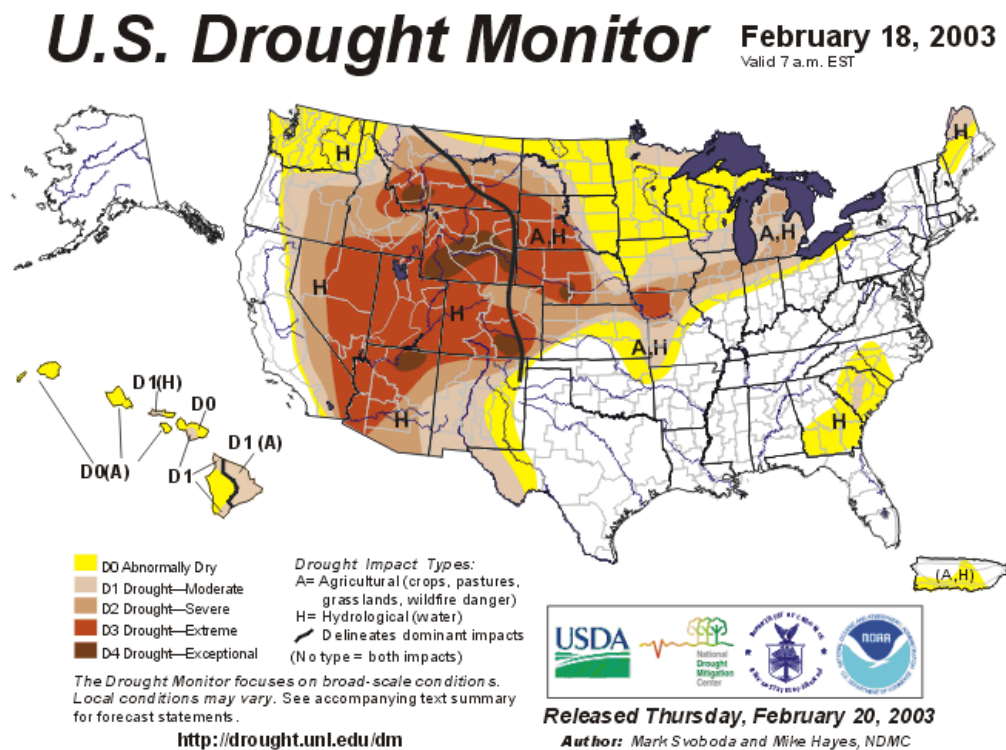
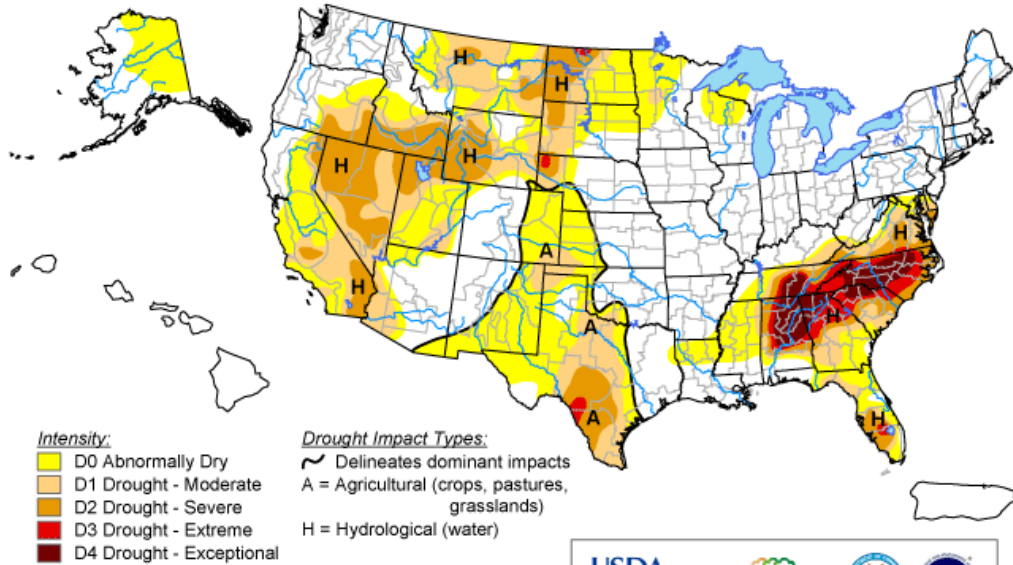


Figure 2.4 Drought Monitor February 19, 2008

U.S. Drought Monitor

February 19, 2008
Valid 7 a.m. EST



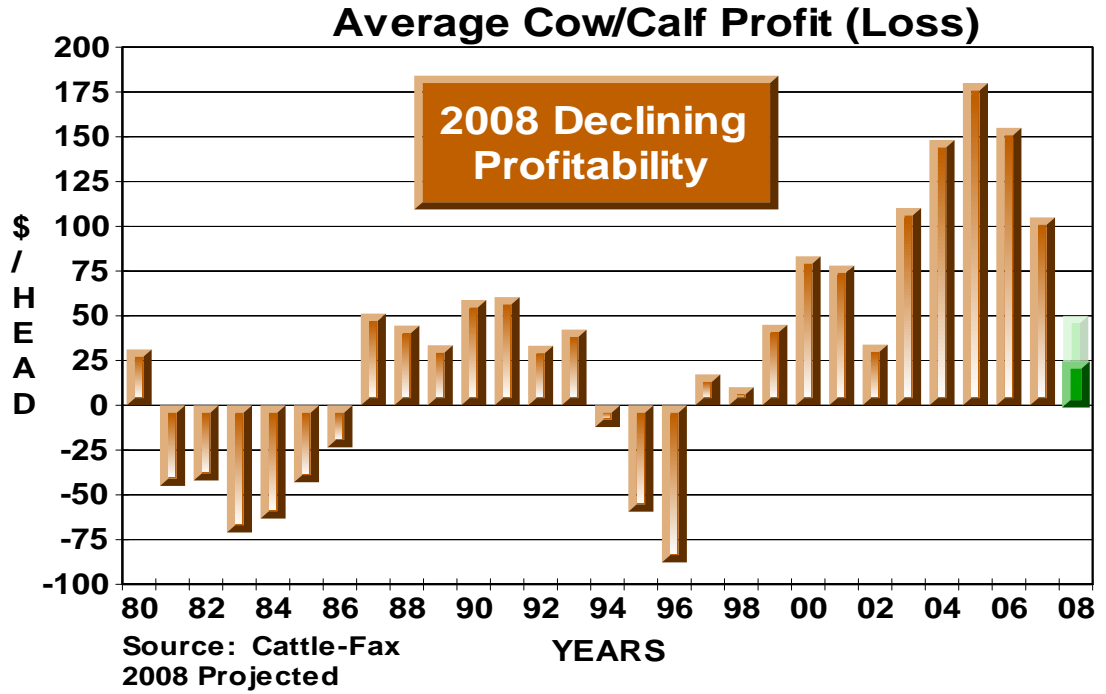
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://drought.unl.edu/dm>



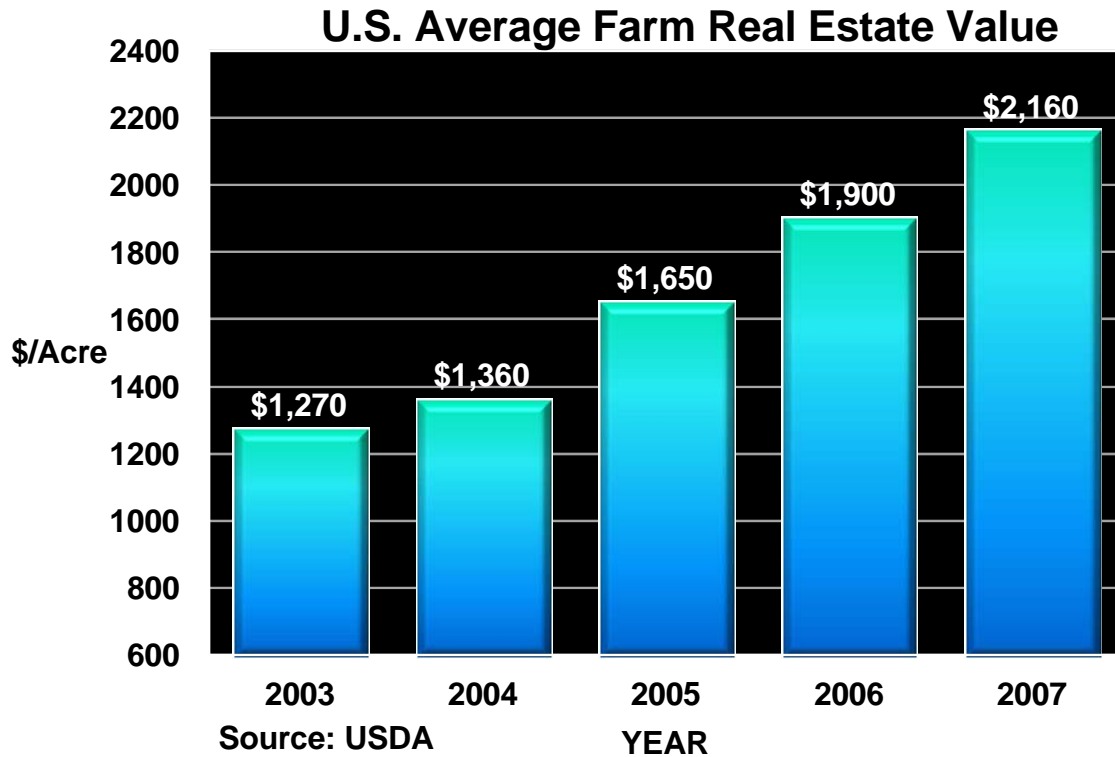
Released Thursday, February 21, 2008
Author: Brad Rippey, U.S. Department of Agriculture

Figure 2.5 Average Cow/Calf Profit (Loss)



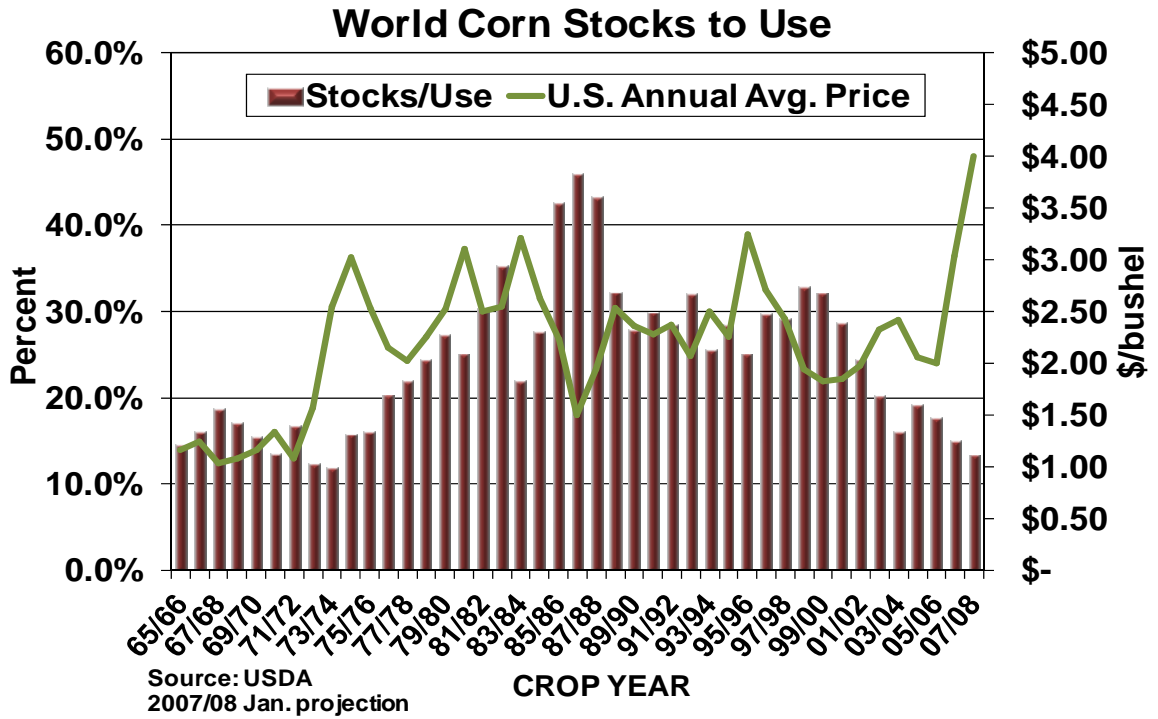
The next key factor is land value. Land value continues to increase (Cattle-Fax). Figure 2.6 shows that in just the last five years, the average U.S. land value has increased from \$1,270 to \$2,160, almost a \$1,000 increase. This makes it very difficult for the rancher to expand. Since they cannot afford to buy more land. It also is an enticing option to producers who are approaching retirement. They can sell their ranch to developers and have a nice retirement.

Figure 2.6 U.S. Average Farm Real Estate Value



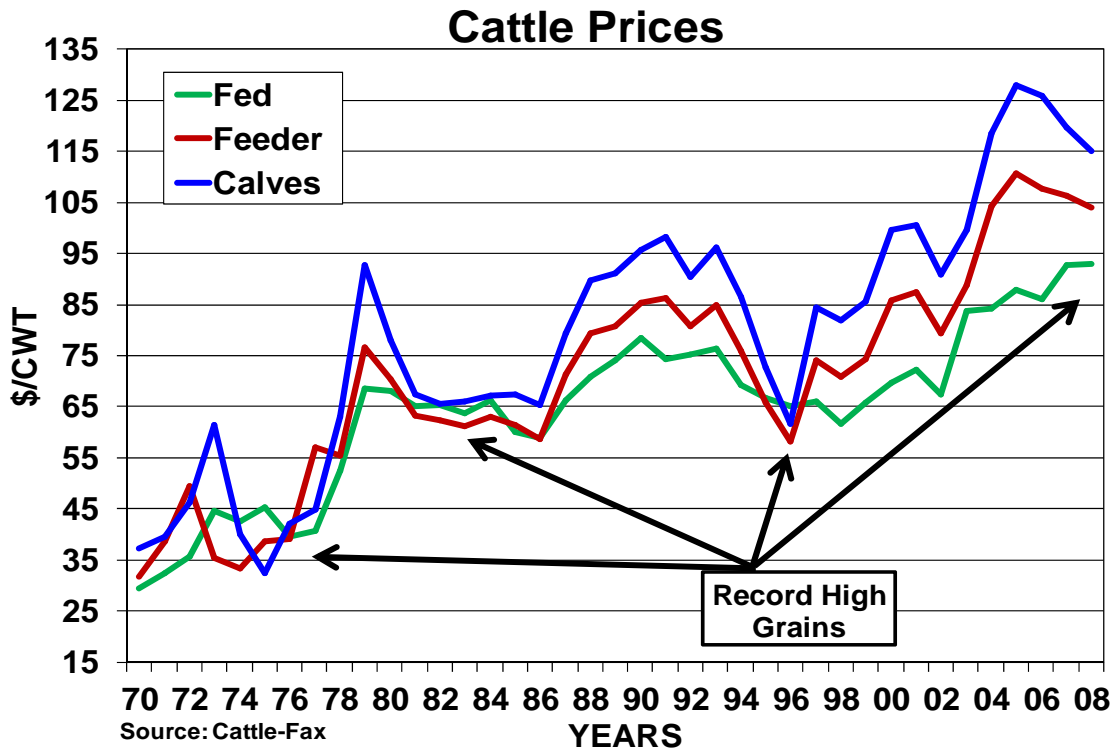
The third key factor is ethanol (Cattle-Fax). With the increased usage of ethanol, the demand for corn has increased significantly. This has put a real cost strain on the feeders and stockers. Calf prices are expected to be lower this fall due to the increased cost of feed. There is just no way a feedlot can afford to buy calves at the high prices the cow/calf operator has seen for the last few years and then buy the corn it takes to feed them out. Something has got to give, and it will most likely be the price of calves. Figure 2.7 shows the annual price of corn and the percent of production available for agriculture use. Corn prices were at an all time record high in mid 2008. In fact, future corn prices for May 2008 were trading at \$5.35 a bushel at closing on February 22, 2008 (CNNMoney.com).

Figure 2.7 World Corn Stocks to Use



With high corn price we can also expect the margins to narrow between fed cattle, feeders, and calves (Cattle-Fax). Figure 2.8 shows that in years of record high grain prices, the margins narrow and in fact, at points fed cattle are bringing more per pound than calves. We can see over the last couple of years, starting around 2005, prices have started to do just that.

Figure 2.8 Cattle Prices



The key factors of alternative land use and urban sprawl are part of the reason land prices are higher. Cities are spreading out and new homes have been in such high demand that the demand for land priced the rancher out of business (Cattle-Fax). People want homes, shopping centers, and entertainment and developers can afford the land to give consumers what they want.

Government policies also play a role in the changing environment of the beef industry. More requirements and more regulations increase costs to the producer. Trade of food products have also seen changes due to changes in our own government and other countries'. After the BSE case in 2003, the United States has yet to get back to normal trading and the levels observed pre-BSE.

The seventh key factor is the aging of the producer. The average age of the producer in the 2002 Census of Agriculture was 55.3 years old (“Fact Sheet: The Cattle Industry, Who We Are”). Since the census in 1974 the age of the producer has been over age 50 and has increased each time the census has been taken. With the increasing age of the producer, they become less likely to increase their herd size due to the extra workload it would cause and their inability to handle the added work (Cattle-Fax). It also means that young people are not coming back to the ranch to take over the family farm, which leads to ranches being split up and sold to developers.

The last key factor is profits/losses (Cattle-Fax). Figure 2.5 shows the profit and losses for the cow/calf sector since 1980. Profits for 2008 are dramatically decreased from the previous five years. Part of that can be attributed to the decrease in calf prices (Figure 2.8). The other part of the equation is that input prices have increased. Figure 2.9 shows the increase in input costs since 2000. Pasture value, crude oil, and nitrogen have all more than doubled in cost with corn and hay values not far behind. The combination of lower selling prices and higher costs mean that profitability can be tough.

Figure 2.9 Cattle Inputs

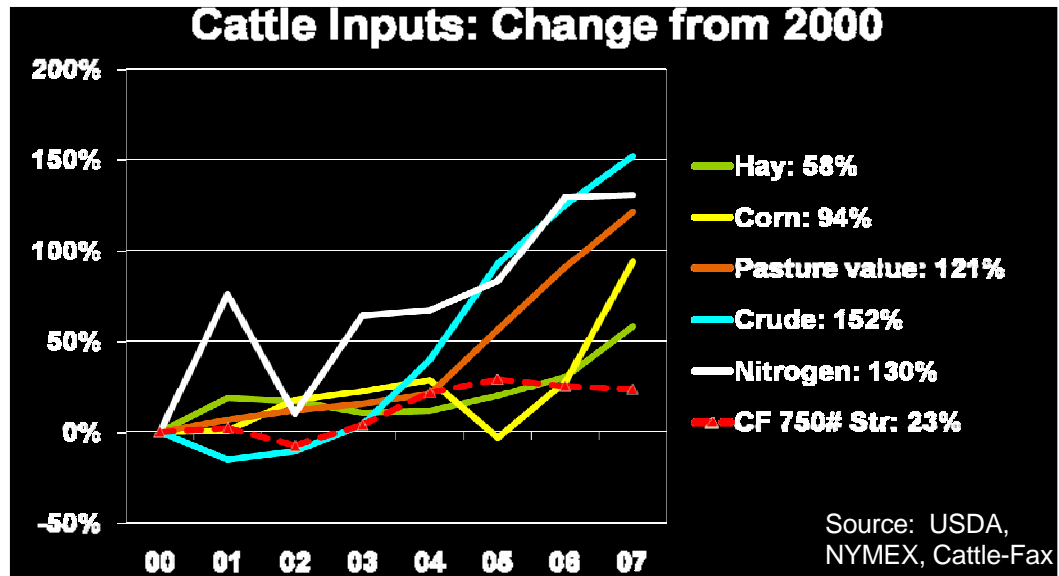


Figure 2.10 breaks out the annual cash cost per cow since 1990 (Cattle-Fax). In 2006 the cost per cow was an all time high.. With the price of corn, hay, crude oil, and the other inputs on the rise, costs are projected to continue to increase.

Figure 2.10 Annual Cash Cost per Cow

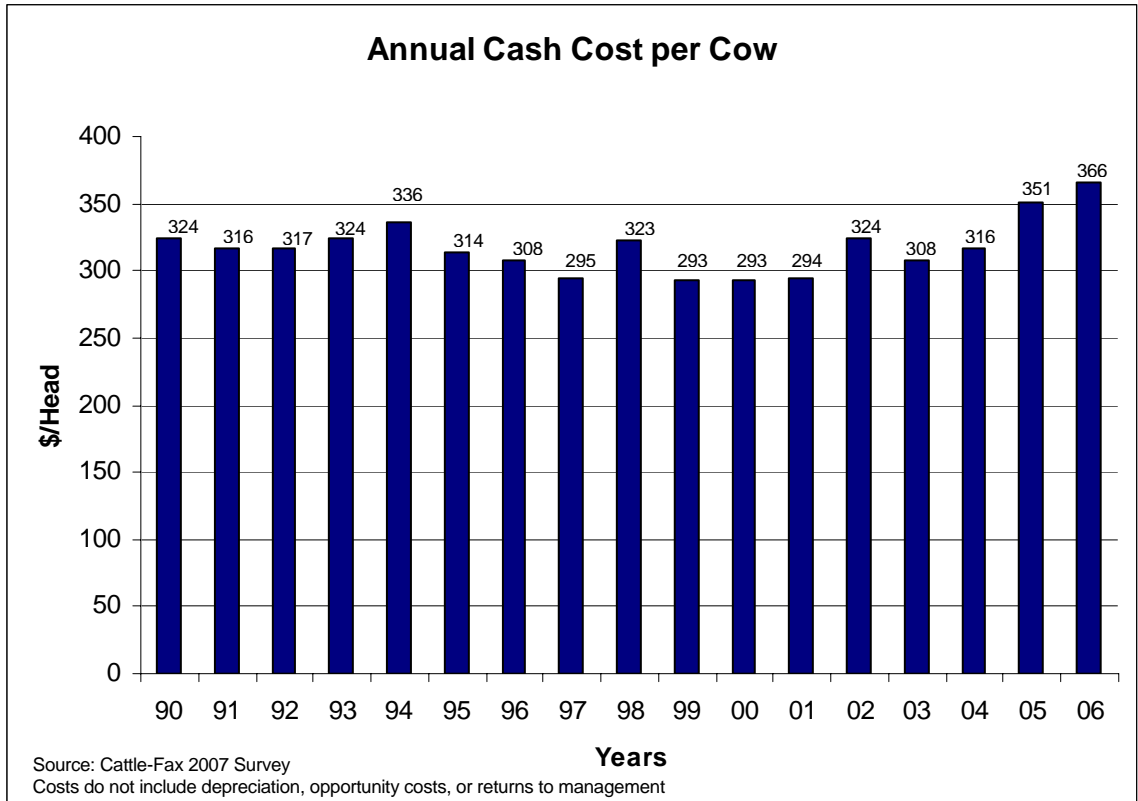


Table 2.1 breaks out the costs for 2006 according to region. The Northwest was the most expensive with \$399 per cow and the Southeast was the least expensive with a cost of \$328 per cow.

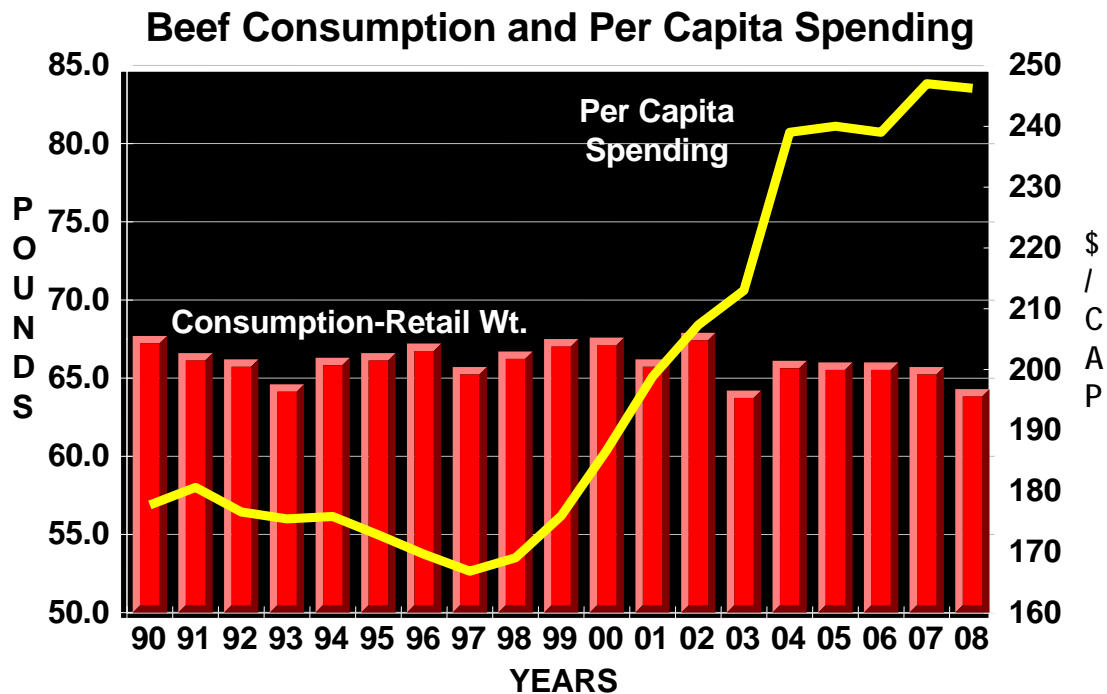
Table 2.1 Regional Cow Costs

<u>Region</u>	<u>Cash</u>	<u>Cash + Non-cash</u>
Northwest	\$399	\$476
Southwest	\$380	\$453
Midwest	\$366	\$483
South Plains	\$359	\$430
Southeast	\$328	\$425
U. S.	\$366	\$453
Source: Cattle-Fax 2007 Survey		
Cash costs exclude depreciation, opportunity costs and returns to management.		

Changing Times 2.2

Randy Blach, CEO of Cattle-Fax, told a group recently that they must “keep an open-mind in these changing times”. He said that the cattle cycle is changing and with our weakening economy; energy and food prices will rise. That means that per capita beef consumption will decline. Figure 2.11 shows that consumption is declining but per capita spending is increasing. With a decrease demand for beef, quantity decreases. As quantity decreases, price increases. In order to keep the price high though, the cattle inventory must remain low. Therefore, this is also factor in the cattle inventory cycle. To increase price without lowering the quantity available, demand for beef must increase. One way to grow demand is through exports, rather than domestic demand. Beef exports should grow and with a weak dollar that will also help stimulate exports and that should give us a great opportunity to sell beef.

Figure 2.11 Beef Consumption and Per Capita Spending



Source: USDA, 2007 Projected 17

The price of grain will be high and that means that fed cattle prices will be high as well which means that price spreads will be narrow. The industry is consolidating and this will only accelerate. From 1993 to 2006 the number of cattle operations with less than 99 cows declined 20% while the number of operations with more than 100 cows increased 9% (Cattle-Fax).

With the environment rapidly changing, there are opportunities. Beef branding and marketing differentiation are expected to continue. This chart shows the difference in profitability for the top 1/3 of producers compared to the bottom 1/3 of producers (see Table 2.2). Those figures should motivate producers to compete. To stay in any business one has to be profitable and it is no different in the cattle business.

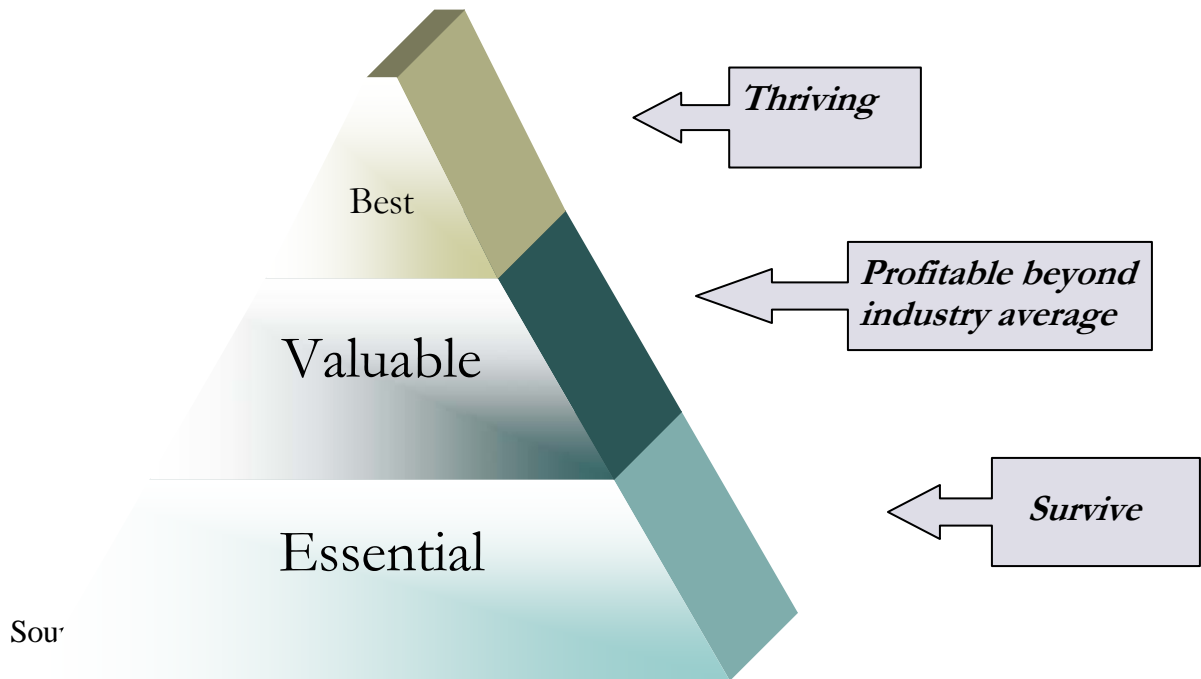
Table 2.2 The Incentive to Compete!- Profitability

Years	Top 1/3 Producer Returns		Low 1/3 Producer Returns	
	Total Return	\$/Hd Return	Total Return	\$/Hd Return
1980-2000	\$13.5 bil	\$63.58	-\$12.6 bil	-\$55.17
2000-2007	\$13.7 bil	\$172.59	\$4.3 bil	\$53.84
2003-2007	\$9.9 bil	\$200.93	\$4.1 bil	\$82.18
1980-2007	\$25.8 bil	\$91.94	-\$8.5 bil	-\$26.81

Source: Cattle-Fax

Figure 2.12 depicts what producers must do to build great performance and be competitive. If producers are only doing the essential they will only survive. To thrive, they must build on the essentials and add value to their calves.

Figure 2.12 Building Great Performance



...it happens from the bottom up

After reviewing the key factors and looking at the current environment of the beef industry, it revealed that it is complex and going to be tough to compete. But it is not impossible. One option that is brought up more and more is the option of marketing cattle through a branded beef program. These programs allow producers to differentiate their product from a commodity. No longer is the producer stuck as being a pure price taker but with a product for which consumers are willing to pay premiums. They can have more influence on end-product price. By participating in a marketing program though, it normally will require more record keeping, time, and costs. In the next chapter we will look at different studies, research, and the opinions of experts to see if it is profitable to participate in these programs.

CHAPTER III: THE BENEFITS OF MARKETING

The Beef Industry's Changing 3.1

Why are people willing to pay more for Nike shoes than a generic pair? Or why when buying groceries will a person choose the branded product over the store's generic brand? People want a product that guarantees something. That something may be quality, flavor, dependability or a product that is guaranteed to last a lifetime. Companies spend millions of dollars every year advertising to consumers to buy their brand because of certain qualities. These companies want to make sure consumers know why they should buy their brand over another or the generic brand. They want the consumer to believe their brand is better than others and that is why it is worth more money.

It is no different in the beef industry. Consumers, now more than ever, are looking for a quality product when they go to the store. They want to know that what they buy is going to offer an enjoyable meal. Many consumers know CAB beef provides this, a high quality, consistent product every time. For example, if a shopper wants a lean product that is all-natural, Laura's Lean Beef provides such a product. In the consumer's mind, generic beef products do not offer these kinds of guarantees. According to research funded by the pork checkoff, consumers spend an average of four minutes when making a decision about purchasing meat. The choice they make is most impacted by meat promotions, merchandising, advertising and convenience (Clause).

Bill Mies of the Elanco Animal Health Global Beef Group and a professor of animal science at Texas A&M says "The days of selling generic beef are gone. Branded meats

have a story behind them that requires certification of things such as where or how the animal was raised, its genetics, or its health” (Johnston, p. 1). In fact, the 2007 National Meat Case Audit showed that 51 percent of all beef sold in retail was branded (Clause). That was an increase of nine percent compared to 2004. Even groceries stores are creating brands to earn the consumer’s trust. Safeway has created its brand *Rancher’s Reserve* and Kroger has their own brand, *Cattlemen’s Collection*.

Alliances 3.2

“One industry well known for its buzzwords is the cattle business. Here’s one with staying power: Beef alliances” (Johnston, p. 1). So what exactly is a beef alliance? Gene Johnston in “Get Hitched” said, “These are business arrangements between ranches, feedlots, and seed stock suppliers, and others that provide market clout through the strength of cattle numbers, consistent quality, and known background” (p. 1). In a *Beef* magazine article, Amanda Nolz defines an alliance “as cooperative processes or entities that vertically coordinate the aggregation of cattle possessing similar carcass potential with a combination of other industry segments managing the cattle similarly to meet specific carcass goals. The aim is to add and retrieve more value than available in the commodity market” (p.1). Webster’s definition of an alliance is “an association to further the common interests of members.” Lastly, Schroeder and Kovanda in an article “Beef Alliances: Motivations, Extent, and Future Prospects” designate an alliance to mean “an association among groups established to accomplish a particular goal more effectively than the parties can do independently” (p.1). Looking at each of these definitions they all refer to groups, or

sectors coming together for the purpose of a common goal and that the sum of the whole is better than its parts. In the beef industry, it is different sectors, from the cow/calf man to the retailer, working together to sell more beef at a higher price for the benefit of all.

Many wonder though, are these alliances or marketing arrangements really helpful for the industry? Are they really benefiting all segments of the industry? Many producers feared that Alternative Marketing Arrangements (AMA) were more harmful to the industry because they increased packer ownership (Wagner). They also removed cattle from the cash or spot market.

During the debate on the 2002 Farm Bill this debate arose. In 2003, \$4.5 million was designated to allow USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) to study the impact of AMA. The GIPSA Livestock and Meat Marketing Study focused on looking at any type of marketing arrangement that removed cattle from the cash market. This included packer ownership of livestock for more than 14 days prior to slaughter and other marketing methods, other than the cash or spot market, which moved livestock from farm to retail.

The study concluded that if there was a 25 percent reduction in AMAs, that would cause a \$310 million decrease in revenue per year for cattle producers. It also found that packer ownership volumes for fed cattle were less than five percent. Another surprising discovery was the fact that 62 percent of cattle are sold on the cash market while 29 percent are sold through market agreements and four percent are forward contracted. James E. Link,

GIPSA administrator, said, “I was somewhat surprised at the number of finished fed cattle that are still being marketed through the auction barn” (p. 2).

The increased revenue from AMAs is from lower production costs and higher economic efficiencies. Based on a \$138 per head cost for processing, with AMAs there is a \$6.50 per head savings. The quality of cattle sold through marketing arrangements was higher and more consistent, resulting in an increased value of 57 cents per hundredweight.

Link also pointed out that producers, not packers, were the ones pushing the creation of alternative marketing arrangements (Wagner and Schroeder). They were driven by producers because a lot of them felt that they were not getting full value out of their cattle. The cash market was priced for average quality cattle and not high quality cattle. That meant high quality cattle were being under valued while lower quality cattle were being over priced. Overall, producers and the beef industry are receiving economic benefit from AMAs (Wagner).

The Bottom Line 3.3

Many producers are not impressed with these facts and statistics. Marketing agreements help increase the overall revenue for the beef industry, but they may be thinking, so where do I benefit? Where am I able to see economic improvement and more money in my own pocket? Alliances offer many potential benefits to the individual producer. Producers can form a cooperative or join together to increase market power or garner volume discounts or premiums (Sartwelle et al). By being able to buy supplies, such as feed, in larger

quantities, they should be able to take advantage of bulk rates. This can be a huge cost saving on everything from hay to mineral to fencing supplies.

Many alliances provide producers and feedlots with performance data (Sartwelle et al.).

Before, when a cow/calf operator sold their calves through an auction barn, they did not have the advantage of knowing how their cattle performed in the feedlot or on the rail.

Now, through the use of alliances, many feedlots will share performance information such as feed efficiency. Many alliances, even when the producer does not retain ownership, will share carcass data such as quality grades, yield grades, dressing percentage, and rib eye area. This is very beneficial for producers to now be able to know how their calves are performing. If their calves do not perform on the rail as they had hoped, they know they need to make changes, whether genetic or management changes. For so many years, producers had the attitude that consumers will eat whatever we raise. After seeing beef demand decline for many years in the 1980's cattlemen realized that was not the case (Schroeder). Consumers want a product they can enjoy. Being able to receive carcass performance data has really helped cattlemen to improve the end product to the consumer.

Cooperatives, alliances, and marketing associations also provide a way for producers to communicate with other producers and other sectors of the beef industry (Sartwelle et al).

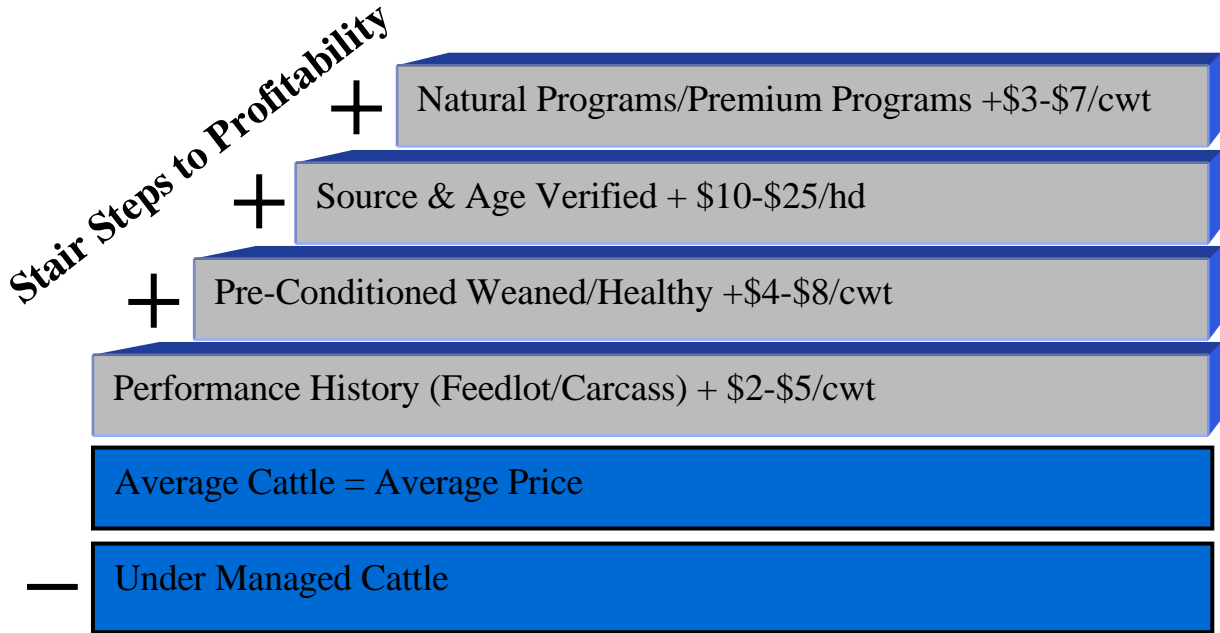
This communication allows producers to share management ideas as well as streamline cattle production and be more efficient (Wagner). Alliance managers are building relationships with seedstock producers and commercial producers (Sartwelle et al). In turn,

producers have better relationships with feedlots and packers. These relationships have opened up communication and the end result has been a better beef product for the consumer.

3.3.1 Money in Your Pocket

The bottom line for the producer is whether they are able to make more money and increase their profitability. At the 2008 Cattlemen's College Randy Blach, CEO of Cattle Fax, addressed this very issue in the session entitled "Stair Steps to Profitability." Figure 3.1 shows that there are premiums to be made but average cattle will bring average prices and under managed cattle will bring less. In order for producers to capture these premiums they have to do the "extras." Extras can include preconditioning, source and age verifying, raising cattle with specific genetics or raising cattle that will qualify for natural or organic programs, just to name a few. During 2005-2006 calves that were weaned and preconditioned brought \$5-\$8/cwt more than bawlers. That's \$35 to \$40 more per head.

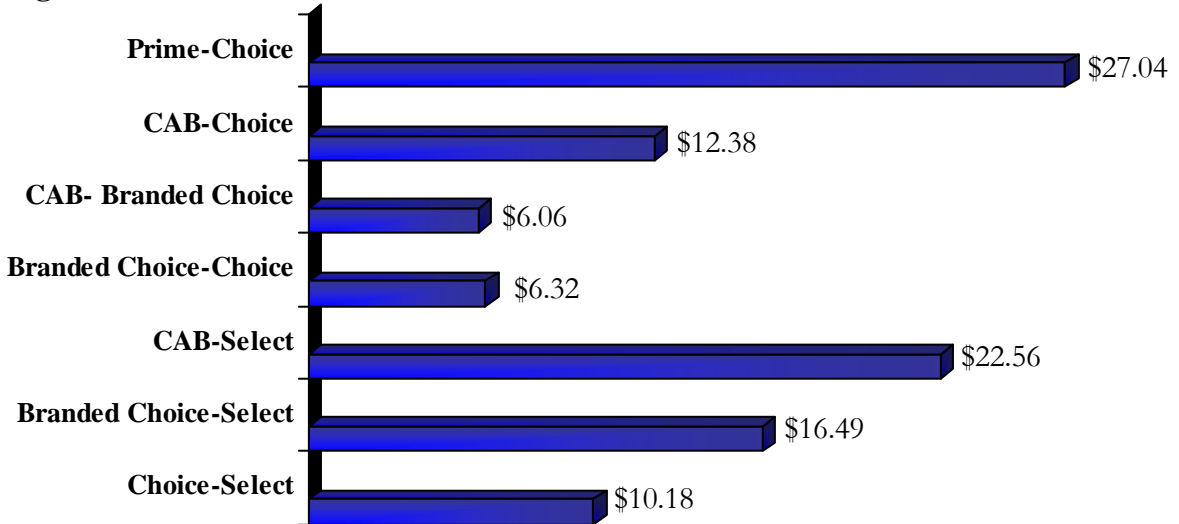
Figure 3.1 Stair Steps to Profitability



Source: Cattle-Fax

Figure 3.2 shows the average spread dollars per hundredweight for boxed beef premiums for April 2003 to December 2007.

Figure 3.2 Box Beef Premiums



Source: Cattle-Fax

In a *Beef* magazine article entitled “Want Age With That?”, Mark Spire, bovine technical services manager for Schering-Plough Animal Health, was interviewed about the cost and benefits for age verifying cattle (Ishmael). He said that the cost would be less than \$5 per head if an RFID tag was purchased and used. Without individually tagging, the cost would be \$1.50-\$2.50. Bill Mies was also interviewed in the same article and said that age premiums at that time for feeders and calves were \$3-4 per hundred weight and \$2-3 per hundred weight for fed cattle. For a 500 pound calf that would be a \$15-20 premium.

GeneNet is a marketing alliance for finished beef cattle located in Hays, Kansas (Johnston). They have an arrangement with JBS Swift and Company for high-quality finished cattle. JBS pays on a carcass grid. The best quality cattle in the program grading mid-choice or higher with a yield grade of 1 and 2 can earn an exceptional premium of \$10 per hundred weight. On a 1250 pound steer that is \$125 per head. The operator, Ken Conway, said that during GeneNet’s 10 plus years of experience and 1million head of cattle slaughtered, their members received an average premium of \$24 per head. Cattle in the top 25% have received premiums of \$65 per head. Tom Williams is one of the alliance members of GeneNet. He manages Chappell Feedlot in Nebraska. Their premiums average \$35 to \$40 a head but have earned up to \$100 a head. Williams said the cost for participation in the GeneNet alliance is \$4 per head. He is very pleased with the program and particularly likes the easy-to-read carcass data he receives back on his feeders.

Other studies report premiums and potential increased earning. Virginia Quality Assured is a Certified Feeder Calf program (Hall). During the past nine years more than 48,800 animals have gone through the program. The averaged premium was \$27 per head with an estimated cost of \$8-\$12 per calf. The Montana Beef Network (MBN) is a partnership between the Montana Stockgrowers Association and Montana State University (Vanek). MBN collected sales data from Superior Livestock Video auctions for June and July of 2007. They found that source and age verified calves in Montana brought \$12.83 more per head. The average cost is for a Montana producer is \$3 so that leaves them a profit of \$9.83 per head. Calves in the VAC 34 and/or VAC 45 program received \$14.81 more per head. Calves that had been weaned had a premium of \$17.64. In an article from the Oklahoma Cooperative Extension Service they said that a survey from *Beef* magazine in 2000 showed an average premium of \$34 per head, ranging anywhere from \$10 to \$65 (Ward). Ward summarized it well when he stated, “Thus, the economic advantages to participate in alliance programs appear to be substantial” (p. 4).

Marketing 101 3.4

Mike Goldwasser from Blue Ridge Premium Beef made an observation at a recent value-added beef marketing conference when he said, “We are great at raising cattle, but we are lousy marketers” (Hall, p. 2). The first step is developing a marketing plan. Often, producers spend weeks and maybe even months looking at the genetics of bulls like calving ease, EPDs, weaning weights, just so they can pick the right bull. Or they spend weeks finding quality feed and researching equipment they will need on the ranch. Then when it

comes to marketing the quality calves they have raised, they will not start thinking about it until October when it is time to sell. After all the hard work and effort a rancher may not get the best price possible for their calves because they did not have a plan.

John Lawrence, Iowa Extension Livestock Economist, provides a step by step process when making a livestock marketing plan.

- 1) First step is to set marketing goals and objective. They should be simple, measurable, realistic, and include a time period
- 2) Next, evaluate the current situation. What kinds of business practices are implemented and what future plans does the producer have for their operation?
- 3) Remember, a higher price does not necessarily lead to higher profits. Take into account all cost when looking at different marketing options.
- 4) Decide how to sell your livestock. Evaluate different marketing options including but not limited to the local auction market, video auctions, private treaty, coops, retained ownership and marketing alliances. Make sure to check out special sales that the auction market or video auction may have.

- 5) When deciding where to sell, take into account transportation costs, market shrink, what types of fees will be included and will the cattle be sold as one large group or will they be sorted into uniformed lots.
- 6) Finally, decide when to sell. Look at pricing history, the current market situation, and special sale dates.

If the producer is considering marketing their cattle through an alliance there are three questions they should answer before jumping on board (Fulton). 1) Will this be a smart business investment? 2) What is the long term organizational outlook for this alliance? 3) Look at the goals that were set in the marketing plan in step one from above, will this alliance help me reach those objectives?

Beef magazine had the opportunity to interview four value-added firms (Nolz). Here is what they encourage producers to consider when they are looking to join a beef alliance. Kirk Feddersen of Meyers Natural Angus suggest producer make sure they fit their operation to a sustainable program. He would hate to see a rancher make changes to their program in order to fit the qualifications for the alliance only to see the alliance go out of business. Owner of Power Genetics, Jason Anderson, says source and age verification is a great one to consider when just getting started. Mark Guge is the manager of 70:70 Beef encourages producers to fully understand the genetics of their cattle and what those genetics will accomplish for them. Certified Angus Beef's director Mark McCully wants producers to think about the consumer. What do they want and is it economically viable?

They all had useful insight for producer, especially since they are in the business dealing with it every day.

This chapter covered the value of branding beef products and the benefits of marketing calves. It also covered a basic marketing plan and what to look for in an alliance. The next chapter will look at actual marketing opportunities and alliances available to producers.

CHAPTER IV: MARKETING PROGRAMS

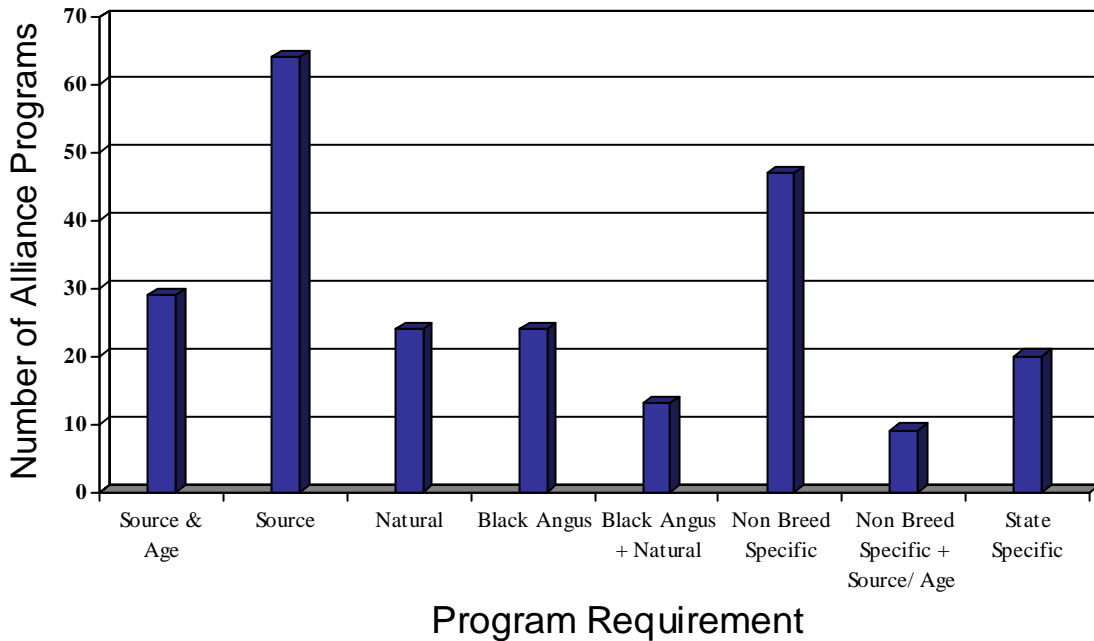
After collecting information on all the different Processes Verified Programs (PVP), Quality System Assessment (QSA), marketing alliances, cooperatives, and retained ownership opportunities, it is no wonder producers are confused and some feel overwhelmed with the task of marketing their cattle. There are a lot of programs out there though. The online developed in thesis is something that will be able to help producers started on their journey to making better marketing decisions for their livestock.

This online tool allows producers to have access to 100 beef alliance and marketing programs, over 20 PVPs, and close to 30 QSAs. It also includes 50 auction barns that are members of NCBA's Livestock Marketing Council (LMC). Information on the PVPs and QSAs were found on USDA's Agriculture Marketing Website. Both *Drover's* "Alliance Directories" for 2007 and 2008 and *Beef* magazine's "Alliance Yellow Pages" provided a good start on collecting information for the alliances that are available for producers. Other marketing program information was found by visiting program websites and reading news articles.

Figure 4.1 shows the number of branded programs that qualify for particular requirements. Out of the 100 programs, 29 programs require source and age verification and 64 require only source verification. Twenty-four programs are natural beef programs. There are also 24 programs that required Black Angus genetics. Almost half of those programs, 13, are natural programs. Four of the Black Angus programs require producers to source and age

verify, wean their calves 45 to 60 days prior to selling, precondition, and have a natural component. Out of the 100 alliances, almost 50 percent, 47 of the programs were not breed specific. Of those programs, six have a natural requirement and nine are source and age verified programs. Twenty programs are state specific. Missouri has the most state programs with seven. Forty of the branded programs disclosed an average premium. The average premium for those alliances was \$35.31 per head according to the “2007 Yellow Page Alliances” and “Drovers 2007 Alliances” and “Droves 2008 Alliances”. The number of programs that did not have a program fee was 20. Of the alliances that charge a fee, the average cost per head was \$4.88 in 2007 and 2008. Some programs do not charge by the head but have a flat fee; the average cost is \$588. Only six programs reported a minimum head requirement of more than 70 head.

Figure 4.1 Alliance Program Requirements



There were 21 Process Verified Programs (PVPs). Of those 15 provide source and age verification. Two companies verify for hormone-free cattle, and one for all-natural. IMI Global was the company that provided the most verification services. Red Angus, Brangus, and Black Angus were the three breeds that have a PVP. There were 27 Quality Systems Assessments (QSAs). Four of the programs were for Angus source verification and the rest provide source and age verification for exporting to Japan.

The programs collected and used in the development of the online tool are too numerous to include them all in this chapter. The following section will explain the general options available to producers and also help clarify the difference between PVPs and QSAs. This

will lead into the chapter on theory and methods that explains how the online tool will work.

PVPs and QSAs 4.1

More producers are becoming familiar with source and age verified cattle and many want to sell their cattle with this certification. It can be a confusing decision to make when they are trying to decide if they should use a PVP or QSA. What's the difference?

Simply put, QSAs and PVPs are the auditing programs developed so producer's cattle can be approved by the U.S. government for USDA Beef Export Verification programs.

(Ishmael). These programs qualify beef to be exported to Japan. Japan has a requirement that beef from the US coming into their country can be no older than 20 month. These two programs also help with the European Union (EU) requirements for Non-Hormone Treated Cattle (NHTC) and domestic claims for beef as well.

Both PVP and QSA require excellent record keeping and documentation by the producer for specific processes that meet internationally recognized standards, ISO9001. If a producer wishes to participate in one of these programs, records such as birth dates of calves or when the first and last calves were born would need to be kept. Audits of these records are done by approved USDA third-party sources. These third-party sources are then periodically audited by the USDA to make sure they are following the requirements. If the producer is verifying source and age, the requirements, whether for a QSA or PVP are the same.

The major difference between QSAs and PVPs are that the PVP requires more details and covers more verifications than a QSA. In addition to source and age, PVPs will also verify genetic claims, hormone-free, and feeding management. In a way, the QSA is a mini PVP where fewer documented procedures have to be maintained. A company that is a third-party verifier has to control and get USDA's approval on all promotional materials and a QSA company does not. Also, the USDA allows a PVP-approved company to use the "USDA Process Verified" shield for marketing materials.

When trying to decide on whether to go with a PVP or QSA company there are a few things to consider. Remember that participation in either of these programs will require more responsibility on the producer's part. The claims made by joining one of these programs ultimately fall back on the shoulders of the person making them. Next, the producer needs to decide if they will be selling to a single branded program each year or selling on the open market to different buyers. If the producer sells to the same branded program, using the company's QSA or one they accept would be the best choice. If the producer wants to have flexibility to sell to a different program each year or have claims such as genetics, raised naturally, a PVP is going to be able to provide this. A QSA narrows the options for a producer and only allows them to sell in the one branded program that the QSA qualifies them for. PVPs are not tied to any one program in particular so after receiving certification for a claim verified by a PVP, the producer can sell to any branded program they choose. Cost will vary with each verifying company so that will be another consideration for producers.

Bill Mies encourages all producers to know the full story before signing up with any PVP or QSA company (Ishmael). Producers should know if the program limits the choices for marketing, if they require them to buy tags or other special products and services that will be additional fees. They should also know how to handle other situations like livestock that dies or documentation necessary for sick animals.

Below is Table 4.1 taken from *Beef* magazine's December 1, 2007 issue. Displayed is a table comparing PVPs and QSAs.

Table 4.1 Comparison of USDA’s PVP and QSA Programs

Side by Side Comparison of USDA's PVP and QSA		
	Process Verified Program (PVP)	Quality System Assessment (QSA)
Export eligibility for age and/or Source PVP or QSA verified cattle	YES	YES
Marketing claims are chosen by each company	YES	YES
Marketing claims can include:	<ul style="list-style-type: none"> •Age •Source •Genetic verification •Feeding practices •Animal handling •Additional claims, as approved by USDA, AMS (such as conforming to NHTC requirements) 	<ul style="list-style-type: none"> •Age •Source •Non-hormone treated cattle (NHTC)
Marketing the approved PVP or QSA	Approval is posted on USDA's Web site — can use the “USDA Process Verified” shield in company written marketing materials	Approval is posted on USDA's Web site — ONLY
Program-Compliant Tags — cattle can be marketed through unapproved and approved locations	YES	YES
Quality manual required	YES	YES
Requirements — ISO9001:2000	Requires specific information on all major elements and sub elements of the ISO9001	Does not require all elements of ISO9001
Requirements — USDA specific	YES	YES
Scope	Large scope requires more detail and covers a large range of marketing claims	Limited scope and very specific marketing claims
Supplier required evaluations	YES	YES
USDA Program Began	Mid 1990s	2004 (modified version of PVP)

Types of Marketing Opportunities 4.2

Cow/calf producers have four options they can choose from when marketing their calves. They can sell them through an auction market, retain ownership to sell them at a later time, retain ownership through to the final product in order to direct market it, or participate in an alliance that is already formed. Because this thesis is focused on developing an online tool to help producers find out which alliances and cooperative they qualify for, that will be the focus of this chapter.

There are many advantages to joining an alliance. An alliance allows a producer to still have day-to-day control and manage their operation (Hall). Most of the time there are very few changes that will have to be made because there are a wide enough variety of alliances available that producers can find one that fits their philosophies. The best part is producers that raise high quality cattle will most likely be able to see increased profits.

There are some challenges and cost associated with joining an alliance as well. Depending on how well established an alliance is will correlate to the level of risk. An alliance that has been around for a while will have a lower risk than a new one. Normally there is a cost or fee associated with joining and in order for cattle to qualify for an alliance they have to meet criteria. Therefore some management decisions will have to be relinquished. The producer will also need to have a plan to sell and livestock that will not qualify for the program, also know as “out cattle.”

Alliances can be divided into three basic groups: breed associated, commercials, and natural and/or hormone free (Sartwelle et al and Honeycutt). Breed association sponsored

alliances were created to encourage commercial cattlemen to buy and use their specific breed's bull (Sartwelle et al). By doing so, the producer would be able to market their cattle through a specific breed association. One of the most well known and oldest alliances is CAB. CAB was formed in 1978 and has seen great success. Even consumers that know nothing about cattle want to buy and eat CAB because they know it will be a good product. Some of the other breed association sponsored programs would include Certified Hereford, Red Angus Marketing Programs, Charolais GeneNet, LimMark Program, Gelbvieh Profit Partners LLC, Piedmont Cattle Marketing Association, and Braunvieh Calf Buy Back Program.

Commercial Carcass Alliances are targeting producers who grow certain types of carcasses. They pay on grids or form a marketing arrangement for high quality beef and/or red meat yield target. Alliances that fit into this category include Angus America, Angus GeneNet, U.S. Premium Beef, and Creekstone Farms Premium Black Angus Beef.

The last group, Natural/Implant-Free Alliances, is one of the fastest growing markets (Norwood). In 2002 natural products was a \$36 billion industry and they were projecting it to continue to increase eight percent per year over the next eight years. Organic foods were expected to grow an average of 13 percent per year. In 2000, meats and dairy accounted for 16 percent of the total share of organic food. At the beginning of chapter one I mention the growth of Laura's Lean Beef and organic and natural meat sales in general so we can see that this industry has grown as projected. Natural and implant-free programs prohibit the use of hormones, antibiotics, ionophores and other feed additives (Sartwelle et al and

Honeycutt). Some of the more well known natural programs include Laura's Lean Beef, Coleman's Natural Meats, Maverick Ranches Natural Beef, Creekstone Farms Natural Black Angus Beef, Nolan Ryan's Guaranteed Tender Beef, and Tallgrass Beef Company.

“Adding Value to Calves” 4.3

Bill Mies spoke to a group at the Kansas Livestock Association in November 2007 about “Adding Value to Calves” (Mies). His presentation was excellent and so helpful to any producer wanting to learn more about value-added programs and how to get more for their calves. In order for a producer to enjoy “The Benefits of Marketing”, as chapter three is titled, they first need to understand how to make their calves valuable. By putting into practice the following they will be able to qualify for a larger breadth of PVP verification and more alliance programs.

Mies opened his presentation with this statement:

“The only reason to do anything to increase the value of a calf is if you intend to market the calf to try to realize the increased value. It does no good to do all the right things and then throw the calf on the marketplace as a generic product. To realize value, you must market value.”

His presentation covered seven things producers can do to add value to their calves. The first was weight and the ability for a calf to gain weight quickly. With the price of corn, heavier calves will be in high demand, especially ones that will perform and gain weight efficiently. That means less time on feed and more money in the pocket of the feedlot.

Second is breed qualification. There are specific breed marketing programs available to the producer such as those mentioned above. Breeds have specific characteristics that can be marketed for added value. Next Mies discussed the premium for preconditioned calves. Stockers and feedlots are looking for calves that will stay healthy and preconditioning helps. Number four and five was source and age verified. Japan is a big importer of US beef but they require beef that is under 20 months of age. Being able to sell cattle with these validations is an added benefit. As the trend for natural and organic products grows, so does the demand for natural and organic beef. That brings us to number six on the list of value added opportunities for producers, natural production. This niche market is growing buy leaps and bounds and could be the perfect opportunity for producers to make a profit if the operation is set up for it. Mies told producers that even though the premiums would be higher they must take in into account the loss in productivity due to the non use of technology because the cost of operating will be higher. Do not just look at the total income, look at the total profit. The last value added opportunity Mies discussed was qualifying for shipment to the EU. This requires that the cattle be certified that no implants were used. This does require the USDA's approval. Premiums are high but the paper work necessary is extensive.

Mies also spoke on how to capture the value for your calves. First, a producer needs to investigate the marketplace and their options. Determine the different premiums being paid for the various added value options and calculate the possible returns for each option. Then a producer is able to make a wise decision on what will be most profitable for them. He encouraged producers, once they decide on a program to talk to others to get advice. He

also stressed the importance of keeping records. In order to capture value, the producer will also need to use a USDA certified Process Verified Program (PVP). PVPs audit your records and validate the producers value added claims. Once a producer has a marketing channel established, follow up to see how the calves are doing so their will be the opportunity to repeat the sale next year. Mies did tell the attendees not to expect the maximum premium the first year because the end user has not seen the end result. Once they do, and if they perform well, the second-year value should increase.

Mies closed with these four things for producers to remember:

- 1) “Do your marketing first and your production second.”
- 2) “Produce what the market is telling you they will pay for.”
- 3) “Do not spend more to create value than what the market will pay.”
- 4) “Qualify your calves for as many premium programs as feasible to maximize value.”

This chapter discussed the different marketing options. It specifically looked at alliances and the options available for producers. The next chapter will begin to look at how the actual online tool will theoretically work to help producers with their marketing decisions.

CHAPTER V: THEORY AND METHODS

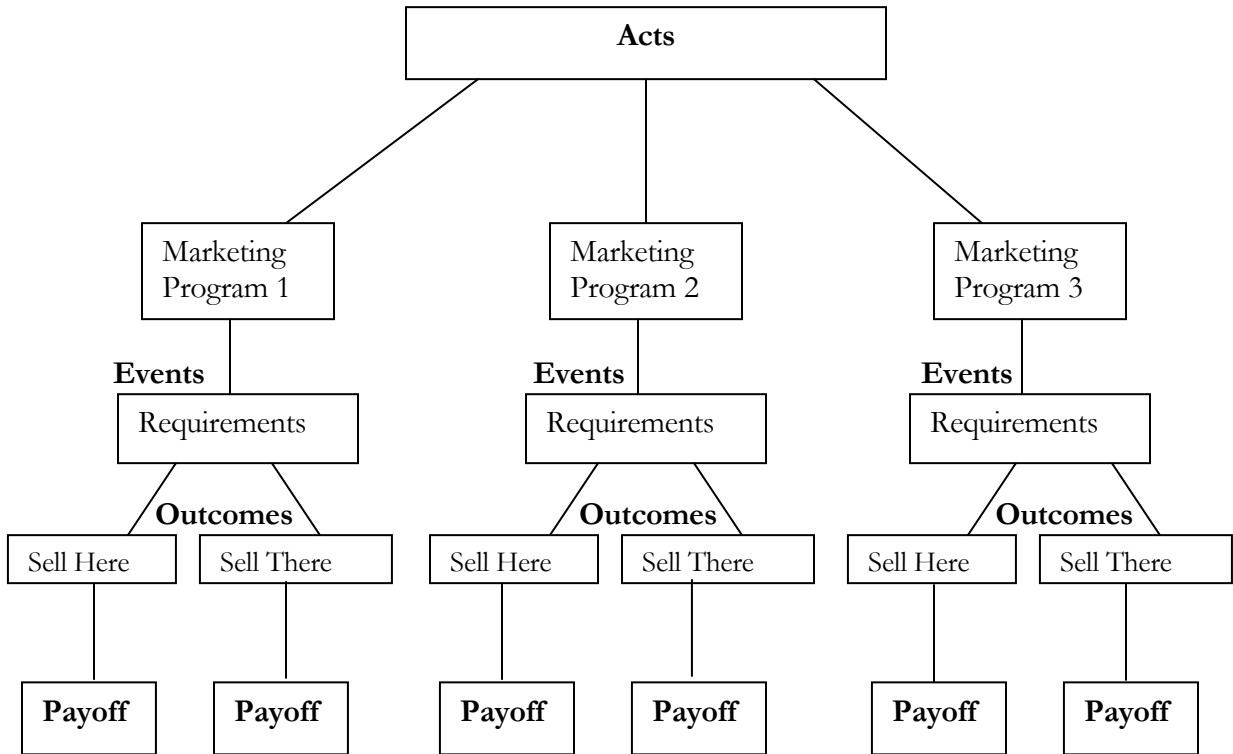
Theory 5.1

To determine which branded beef program a producer qualifies for, the database uses a form of decision tree modeling. Using a decision trees helps in deciding which course of action to take when there are several options available (“Decision Tree Analysis”). It is an excellent way to structure and organize the options available.

There are four basic parts in decision theory: acts, events, outcomes, and payoffs (“A very fast intro to decision theory”). Acts are the options being considered. In this case it would be the different branded beef options. Events are what take place outside the control of the decision maker. In this situation it would be the requirement for each branded beef program. Outcomes are the results of the different options available. For example, the places available for a producer to sell their product and how much their cattle can be sold for are outcomes. Payoffs can be positive or negative and are the values placed on the acts and events. So although the payoffs by choosing one act may have a higher payoff, more events such as more record keeping, limitations, and increased costs may be required. So the decision maker has to decide which option is better for them based on the payoff.

It is often helpful to visually draw the acts, events, outcomes, and payoffs for better understanding. This is called a decision tree. Figure 5.1 shows an example of a decision tree that is related to the objectives of this thesis.

Figure 5.1 Decision Tree



Decision trees are a useful process to help a person when making a decision for several reasons (“Decision Tree Analysis”). First, they help the decision maker clearly visualize their options and the final payoff for each act. It also allows the person to clearly see all the possibilities and their consequences, both positive and negative. It also has the person clearly think through each step in the decision process so they fully understand the different options, outcomes, and probabilities of each action. Finally, it will allow the decision maker to make the best decision based on all the information available.

With so many choices and options available to cattle producers a decision tree is a good tool to use to clearly understand the options and make the best and most informed decision.

The database is based on a decision tree. The different marketing options are considered, along with the requirements. After the cattle producer's information is entered, the outcomes available that they qualify for will be given. The rancher will need to decide which outcome will give them the greatest payoff.

Methods 5.2

Objectives 5.2.1

The objective of this project is to create a simple method of helping direct ranchers to different marketing options for selling their cattle. It is not to tell them exactly what marketing program to use but to narrow their choices to the options for which they qualify.

A secondary objective is to help cattle producers connect with one another. By connecting producers, this will open their options. This allows them to communicate and learn from each other and it will also allow them to join forces together to qualify for marketing programs.

Methods 5.2.3

The method used to accomplish these objectives was to create a database/software program that can be used online. This tool will help guide producers in their marketing decisions. The program requires them to enter some basic information about their operation.

Questions from five categories are asked. These categories include: Personal Profile, Operational, Record Keeping, Cattle Management, and Cattle Marketing. The personal profile section requires basic information such as name, location, phone number and email address. In the operational portion they are asked how many steers and heifers they market each year, breed specification, and whether or not they are an organic or natural operation. The record keeping section queries if or how the producer identifies their cattle and if and how they keep records. The cattle management questions try to determine if the rancher dehorn, castrates, weans, gives vaccination and or boosters, whether or not they use hormones, and if they feed any animal by-products. The last section of questions is cattle marketing. These questions are used to find out what marketing options the producer is most interested in, if they would like to retain ownership, and whether they would like to partner with someone in their area. Appendix A includes the questions in their entirety.

From these questions and others, the database matches the branded beef programs they currently qualify for by using a decision tree model. Behind the scenes the program goes through the steps of a decision tree model. First the different marketing options are entered; these are the “acts” of the model (“A very fast intro to decision theory”). The person enters the “events” by answering the different questions listed above. The “outcomes” or programs they already qualify for are given in one column. In another column, it lists programs that they qualify for with a few minor changes. Each program listed could be clicked on and the general information about the program would be provided. Information such as the requirements, where the headquarters for the program are located, and contact information would be provided if they were interested in learning

more. The last step would be the “payoff”, or the marketing program chosen by the producer and the final outcome.

Most branded beef programs are looking for a minimum number of cattle from a buyer before they are interested in forming a relationship. That becomes a problem for smaller operators. Some of them want to market their cattle through other methods rather than a sale barn but they just do not have a big enough herd.

The second phase of the program would help with that issue. It would help connect small ranchers within a region that qualify for the same programs. This would allow them to market their cattle together so they could qualify for more branded beef programs. Here is how it would work. One of the questions would ask if they would be interested in partnering with others to market their cattle, if they answer yes, the program would try to match them with someone from the area that has similar operating practices. Their name would be shared with others and they would receive a list of names, email addresses, and phone numbers of others who are interested in partnering with other ranchers to form a cooperative and sell their animals through a branded beef program. No operational information such as herd size, breed, or other information would be shared, just basic contact information. If they did not want to partner with anyone else, they would answer no. They would still receive the list of marketing programs they qualify for but their name and contact information would not be shared with anyone.

Chapter five looked at the theory and method behind the online tool. It covered how choices can be made using a decision tree and how that model will be applied to this situation. The next chapter will demonstrate the actual online tool and how it works.

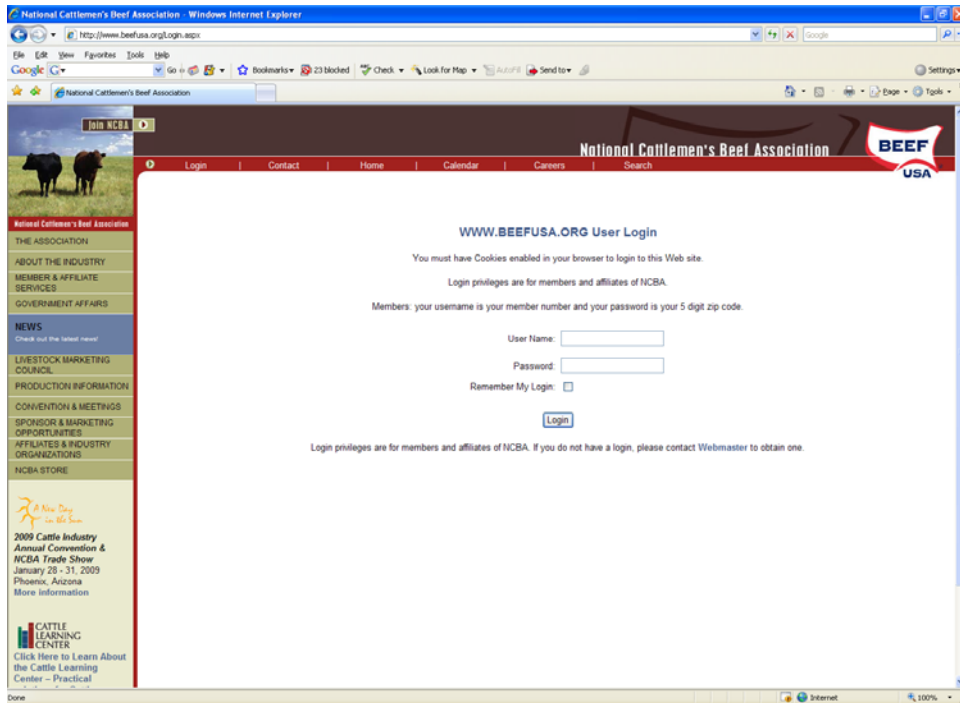
CHAPTER VI: APPLICATION TOOL DEMONSTRATION

This thesis has developed the idea of a marketing tool for cattle producers. Thanks to NCBA and a grant they received from the USDA, it has become a reality. Working together with NCBA, a development company, ABG, an Adayana Company (ABG) was chosen to complete the development and creation of the database. ABG provides learning programs for agriculture and food, plus other industries. The final online marketing tool will be used by producers who are NCBA members.

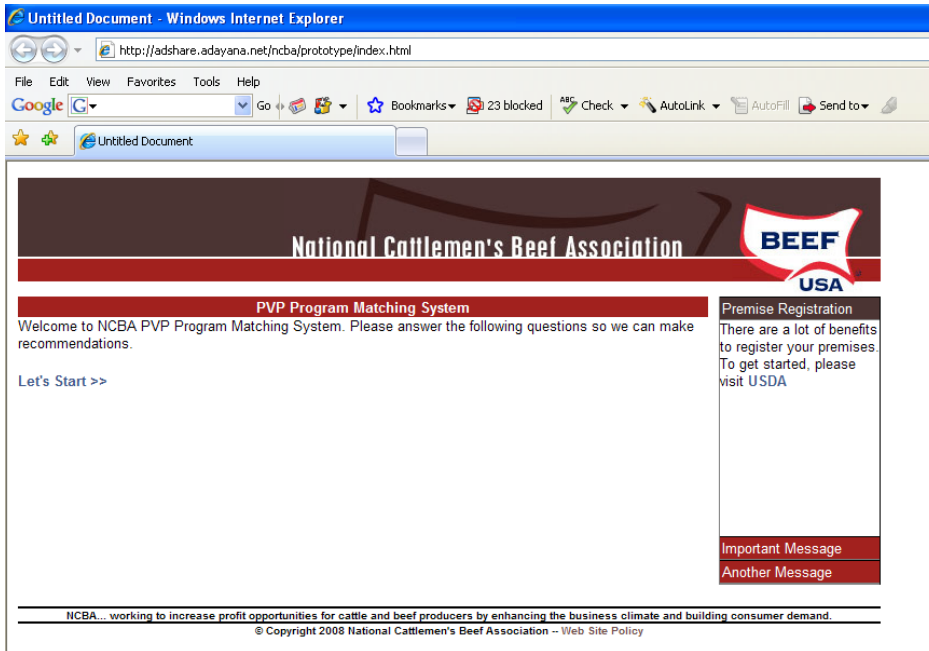
Competitive Edge 6.1

In conclusion, let us walk through the process of what a producer will see and how the online tool, *Competitive Edge*, will work. Not only is information provided to producers about marketing opportunities but they can also find information regarding premises registration and Country of Origin Labeling (COOL). This section will only give brief overview of the online tool as it is still in the processes of being completed by ABG.

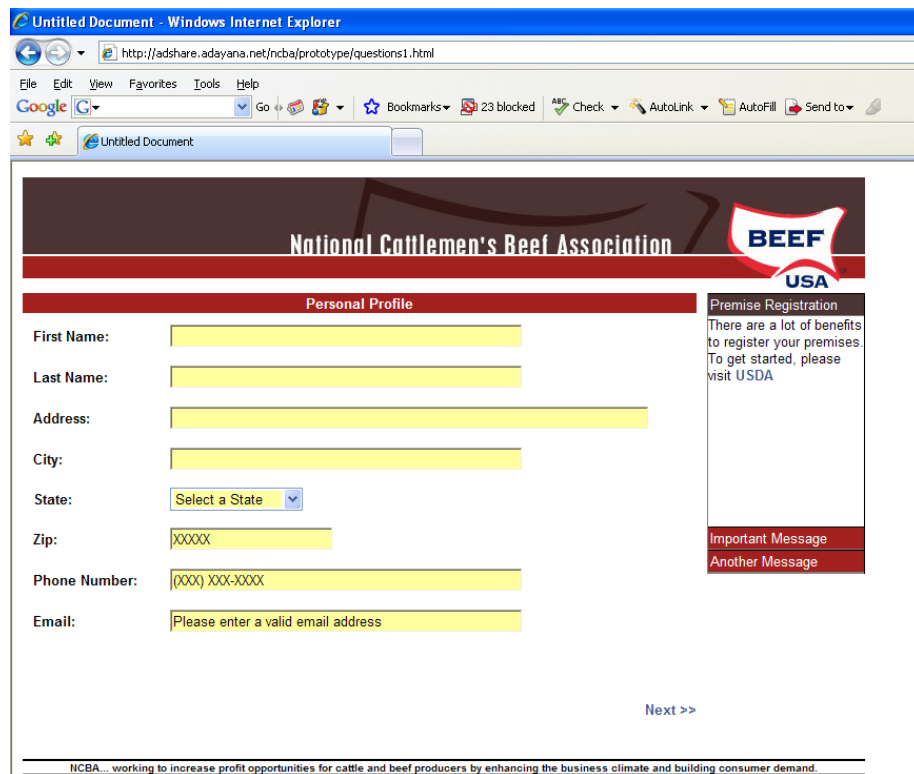
- 1) After arriving at NCBA's website, www.beefusa.org, the first step the producer will need to do is login.



- 2) Once logged into the website they will be able to choose a link that will take them to the home page for *Competitive Edge*




3) The first screen will have them fill out their personal information



4) The next screen will have them fill out information about their operation.

Untitled Document - Windows Internet Explorer
 http://adshare.adayana.net/ncba/prototype/questions2.html

National Cattlemen's Beef Association 

Your Cattle Operation

Operation Type (check all that apply)
 Cow-Calf Stocker Feeder

Number of heifers marketed each year: 6-25 head

Number of steers marketed each year: 40-69

Breed/Color of cattle (check all that apply)

<input checked="" type="checkbox"/> 51% or more black	<input type="checkbox"/> 50% or more Angus	<input type="checkbox"/> 50% or more Red Angus	<input type="checkbox"/> 50% or more Hereford
<input type="checkbox"/> 50% or more Charolais	<input type="checkbox"/> 50% or more Limousin	<input type="checkbox"/> 50% or more Piedmontese	<input type="checkbox"/> 25% or more Bos indicus (Brahman)
<input type="checkbox"/> 50% or more British	<input type="checkbox"/> 50% or more Continental	<input checked="" type="checkbox"/> Continental/British cross	<input type="checkbox"/> Gelbvieh
<input type="checkbox"/> Saler	<input type="checkbox"/> Braunvieh	<input type="checkbox"/> Simmental	<input type="checkbox"/> Shorthorn
<input type="checkbox"/> Brangus	<input type="checkbox"/> Wagyu	<input type="checkbox"/> Dairy	<input type="checkbox"/> Bucking Bull Genetics
<input type="checkbox"/> Registered Sire	<input type="checkbox"/> Maine Anjou	<input type="checkbox"/> Other	

Is your operation all-natural? No

Is your operation organic? No


Are you BQA certified? Yes

<< Previous Next >>

NCBA... working to increase profit opportunities for cattle and beef producers by enhancing the business climate and building consumer demand.

5) On the next page they will answer questions about the record keeping practices.

Untitled Document - Windows Internet Explorer
 http://adshare.adayana.net/ncba/prototype/questions3.html

National Cattlemen's Beef Association 

Record Keeping

Do you have a premises ID? Yes

Do you source certify? No

What method of identification do you use? (check all that apply)

<input checked="" type="checkbox"/> Ranch Tag	<input checked="" type="checkbox"/> Brand	<input type="checkbox"/> c. Lot Tag with Serial # (visual or bar code)	<input type="checkbox"/> RFID Tag
<input type="checkbox"/> Retinal Scan	<input type="checkbox"/> Other		

Do you age verify? No

What type(s) of record(s) do you keep? (check all that apply)

<input checked="" type="checkbox"/> Bull turnout date	<input type="checkbox"/> Breeding date	<input type="checkbox"/> First calf born	<input checked="" type="checkbox"/> Individual birth records
<input checked="" type="checkbox"/> Vaccination records	<input checked="" type="checkbox"/> Health records	<input type="checkbox"/> None	

Records are maintained with? (check all that apply)

<input type="checkbox"/> Calendar	<input checked="" type="checkbox"/> Calving book	<input type="checkbox"/> Electronic
<input type="checkbox"/> Other		

<< Previous Next >>

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6) The next page asks them questions about their operation and management practices.

National Cattlemen's Beef Association

Cattle Management

Have your calves been dehorned? Yes

Have your bull calves been castrated 8 weeks prior to selling? Yes

Do you use antibiotics by injections or in the feeds? Yes

Do you use Rumensin, Bovatec or any other ionophores? No

Do you use growth hormones or MGA? No

Do you feed any animal by-products? No

Are your calves _____?(fill in the blank) Weaned less than 30 days

Are you calves bunk broke? Yes

Are your calves water tank broke? Yes

Do you vaccinate? Yes

What vaccines/treatments do you use?

<input checked="" type="checkbox"/> 7-way Black leg	<input type="checkbox"/> Somubac combined with Blackleg	<input type="checkbox"/> Vira Shield 5	<input type="checkbox"/> Respromune 4
<input type="checkbox"/> Elite 4	<input type="checkbox"/> Cattlemaster 4	<input type="checkbox"/> Repishield 4	<input type="checkbox"/> Trangle 4 + Type II BVD
<input checked="" type="checkbox"/> Bovi-Shield 4	<input type="checkbox"/> Pyramid MLV 4	<input type="checkbox"/> Express 5	<input type="checkbox"/> Titanium 5
<input type="checkbox"/> BRSV Vac 4	<input type="checkbox"/> IBR Plus 4-way	<input type="checkbox"/> Once PMH	<input type="checkbox"/> One Shot
<input type="checkbox"/> Pro-Bac 1	<input type="checkbox"/> PH-1	<input type="checkbox"/> Parasite control	

Do you precondition or give booster shots? Yes

What preconditioning vaccines do you use?

<input type="checkbox"/> 7-way Black leg	<input type="checkbox"/> Somubac combined with Blackleg	<input checked="" type="checkbox"/> Vira Shield 5	<input type="checkbox"/> Respromune 4
<input type="checkbox"/> Elite 4	<input type="checkbox"/> Cattlemaster 4	<input type="checkbox"/> Repishield 4	<input type="checkbox"/> Trangle 4 + Type II BVD
<input type="checkbox"/> Bovi-Shield 4	<input type="checkbox"/> Pyramid MLV 4	<input type="checkbox"/> Express 5	<input type="checkbox"/> Titanium 5
<input type="checkbox"/> BRSV Vac 4	<input type="checkbox"/> IBR Plus 4-way	<input type="checkbox"/> Once PMH	<input type="checkbox"/> One Shot
<input type="checkbox"/> Pro-Bac 1	<input type="checkbox"/> PH-1	<input type="checkbox"/> Parasite control	

Do you test your calves for Bovine Viral Diarrhea (BVD)? Yes

Premise Registration

There are a lot of benefits to register your premises. To get started, please visit USDA.

Important Message

Another Message

7) The last of the questions cover marketing, what they have done in the past and what they are interested in currently.

Untitled Document - Windows Internet Explorer
http://adshare.adayana.net/ncba/prototype/questions5.html

File Edit View Favorites Tools Help
Google Go Bookmarks 23 blocked Check AutoLink AutoFill Send to

Untitled Document

National Cattlemen's Beef Association **BEEF USA**

Cattle Marketing

What methods of marketing have you used in the last 5 years? (check all that apply)

Private Treaty Auction Market Video Marketing Alliance

Would you be interested in retained ownership? ▾

Would you be interested in partnering with other producers in your area that have similar operations in order to market your cattle together? ▾

Premise Registration
There are a lot of benefits to register your premises. To get started, please visit USDA

Important Message
Another Message

<< Previous Next >>

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8) The final screen is the results page. Here they can see basic information about the programs they qualify for, including contact information. Other information includes average cost and premium if available, if they are electronic ID capable, if there are cow/calf producer post-harvest premiums, and a short description of each program. The company names are directly linked to their company's Web site so the producer can click on the company's name and go directly to the Web site to find out more information. They will also see what PVP and QSA companies will do the verification needed for the programs and the auction barns in their area that belong to LMC.

The screenshot shows a web browser window titled "Program Recommendations - Windows Internet Explorer". The address bar shows "http://209.173.235.147/results.aspx". The page content includes the National Cattlemen's Beef Association logo and a table of PVP Marketing Programs. To the right of the table is a section for Premise Registration with a warning about disease outbreaks and a call to action to register premises. Below the table are three sections of "Program Details" for Angus America, Stevenson Basin, and Two River Cattle LLC.

Name	Historic Average Premium	Electronic ID Capable	Cow-calf Post Harvest Premium	Cost	Rank
Angus America	\$15/hd			\$8.50/hd	1
Two River Cattle LLC	Non-sourced: \$31.43/hd, Sourced: \$66.30/hd			\$4-\$8/hd, depending on carcass data requested	3
Premier Beef Program	\$24.23/hd	Yes	Yes	Membership and audit access	5
Limbskins Program	\$25/hd			None	7
Angus Source	\$130/hd			\$50 enrollment, \$1/hd for visual tag or \$3.25/hd for RFID-matched pair set	9
	\$23.95/hd	Yes	Yes, possible	\$3.87/hd	10

Premise Registration
 To protect the health of U.S. livestock and poultry and the economic well-being of those industries, animal health officials must be able to quickly and effectively trace an animal disease to its source.
 When a disease outbreak occurs, animal health officials need to know:
 • Which animals are involved in a disease outbreak
 • Where the infected animals are currently located
 • What other animals might have been exposed to the disease
 By choosing to register your premises in the NAD, you will join a national disease response network built to protect your animals, your neighbors, and your economic livelihood against the devastation of a foreign animal disease outbreak.
 Take the first step - Register your premises today!

Country of Origin Labeling

Program Details
 Name: Angus America
 Description: Service company: Value-based grid, carcass-data collection, genetic assistance.
 Contact Name: Lance Storer
 Contact Phone: 402-462-2057
 Contact Email:

Program Details
 Name: Stevenson Basin
 Description: VALUE ADDED, SOURCE IDENTIFIED Small to mid sized cow/calf operations wean, precondition similar genetics, co-mingle for 60-day backgrounding, market uniform, healthy, semi-load lots.
 Contact Name: Darrell Stevenson
 Contact Phone: 406-423-5700
 Contact Email: darrell@stevensonbasin.com

Program Details
 Name: Two River Cattle LLC

CHAPTER VII: CONCLUSION

I am very pleased with the outcome of this thesis. Being able to see what I have put down on paper put into practice was exciting. To see that the NCBA Membership department is going to be able to actually use my idea is great. I look forward to following up over the next few months to see what kind of a success it has been. I do hope that producers find it useful and will give us feedback on how we can make this tool more beneficial for them.

As with anything, there are always improvements needed and necessary changes.

Currently we are planning a phase two in the development of *Competitive Edge*. The portion I am most excited about is the ability to use the information that has been captured from those interested in partnering with others, and actually being able to do just that.

Helping producers join together. I think this will be a huge benefit for small producers. It will allow them to have more buying and selling power but still allow them to be independent operators.

I would also like to see an improvement in the results section for auction barns. Currently it lists the auction barns in the producer's state and contact information. I would like to be able to add a component that would allow for auction market special sales to be listed. For example, if they have a special VAC45 or a source and age verification sale, producers qualifying for those particular programs need to be made aware of this marketing option as well.

I am looking forward to finalizing the last few details and seeing NCBA's members utilize this tool. I hope it will help producers get started on a marketing plan and move away from selling their cattle as just a commodity. Consumers are demanding quality products that producers can provide with the opportunity of increasing their profits.

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APPENDIX A

Questions for Online Marketing Tool

Personal Profile

1. Name
2. Address
3. City
4. State
5. Zip
6. Phone number
7. Email

Operational

8. Operation Type (check all that apply)
 - a. Cow/Calf
 - b. Stocker
 - c. Feeder
9. Number of heifers marketed each year
 - a. 5 head or less
 - b. 6-25 head
 - c. 26-39
 - d. 40-69
 - e. 70-100
 - f. 100+
10. Number of steers marketed each year
 - a. 5 head or less
 - b. 6-25 head
 - c. 26-39
 - d. 40-69
 - e. 70-100
 - f. 100+
11. Breed/color of Cattle (check all that apply)

- a. 51% or more black
- b. 50% or more Angus
- c. 50% or more Red Angus
- d. 50% or more Hereford
- e. 50% or more Charolais
- f. 50% or more Limousin
- g. 50% or more Piedmontese
- h. 25% or more Bos indicus (Brahman)
- i. 50% or more British
- j. 50% or more Continental
- k. Continental/British cross
- l. Gelbvieh
- m. Saler
- n. Braunvieh
- o. Simmental
- p. Shorthorn
- q. Brangus
- r. Beefmaster
- s. Wagyu
- t. Dairy
- u. Bucking Bull Genetics
- v. Registered Sire
- w. Maine Anjou
- x. Other _____(insert text box here)

12. Is your operation all-natural?

- a. Yes
- b. No

13. Is your operation organic?

- a. Yes
- b. No

14. Are you BQA certified?

- a. Yes or
- b. No

Record Keeping

15. Do you have a premises ID?

- a. Yes
- b. No

16. Do you source verify?

- a. Yes
- b. No

17. What method of identification do you use? (check all that apply)
- a. Ranch Tag
 - b. Brand
 - c. Lot Tag with Serial # (visual or bar code)
 - d. RFID Tag
 - e. Retinal Scan
 - f. Other ____ (if they choose other, give them a text box to enter the method in)
18. Do you age verify?
- a. Yes
 - b. No
19. What type(s) of record(s) do you keep? (check all that apply)
- a. Bull turnout date
 - b. Breeding date
 - c. First calf born
 - d. Individual birth records
 - e. Vaccination records
 - f. Health records
 - g. None
20. Records are maintained with? (check all that apply)
- a. Calendar
 - b. Calving book
 - c. Electronic
 - d. Other _____

Cattle Management

21. Have your calves been dehorned or are the polled?
- a. Yes
 - b. No
22. Have your bull calves been castrated 8 weeks prior to selling?
- a. Yes
 - b. No
23. Have you treated for parasites either through internal or external methods?
- a. Yes
 - b. No
24. Do you use antibiotics by injections or in the feeds?
- a. Yes
 - b. No

25. Do you use Rumensin, Bovatec or any other ionophores?
- Yes
 - No
26. Do you use growth hormones or MGA?
- Yes
 - No
27. Do you feed any animal by-products?
- Yes
 - No
28. Are your calves _____. (fill in the blank) (only have the program ask this question if they choose cow/calf operator. If they say no, skip to #30.)
- Un-weaned bawlers, right off the cow
 - Weaned less than 30 days
 - Weaned 45/60 days
29. Are your calves bunk broke?
- Yes
 - No
30. Are your calves water tank broke?
- Yes
 - No
31. Do you vaccinate? (if no, have program skip next question and go to #32)
- Yes
 - No
32. What vaccines/treatments do you use? (check all that apply)
- 7-way Black leg
 - Somubac combined with Blackleg
 - Vira Shield 5
 - Respromune 4
 - Elite 4
 - Cattlemaster 4
 - Repishield 4
 - Trangle 4 + Type II BVD
 - Bovi-Shield 4
 - Pyramid MLV 4
 - Express 5
 - Titanium 5
 - BRSV Vac 4
 - IBR Plus 4-way

- o. Once PMH
- p. One Shot
- q. Pro-Bac 1
- r. PH-1
- s. Parasite control

33. Do you precondition or give booster shots? (if no, have program skip next question and go to #34)

- a. Yes
- b. No

34. What preconditioning vaccines do you use?

- a. 7-way Black leg
- b. Somubac combined with Blackleg
- c. Vira Shield 5
- d. Respromune 4
- e. Elite 4
- f. Cattlemaster 4
- g. Repishield 4
- h. Trangle 4 + Type II BVD
- i. Bovi-Shield 4
- j. Pyramid MLV 4
- k. Express 5
- l. Titanium 5
- m. BRSV Vac 4
- n. IBR Plus 4-way
- o. Once PMH
- p. One Shot
- q. Pro-Bac 1
- r. PH-1
- s. Parasite control

35. Do you test your calves for Bovine Viral Diarrhea (BVD)?

- a. Yes
- b. No

Cattle Marketing

36. What methods of marketing have you used in the last 5 years? (check all that apply)

- a. Private Treaty
- b. Auction Market
- c. Video
- d. Marketing Alliance

37. Would you be interested in retained ownership?
- a. Yes
 - b. No
 - c. Maybe
38. Would you be interested in partnering with other producers in your area that have similar operations in order to market your cattle together?
- a. Yes
 - b. No

APPENDIX B

List of Marketing Programs

Alliance and Cooperative Programs

ABBI

AgriLabs Health Plus

American Gelbvieh Association, Commercial Marketing Program

Angus America

Angus Source

Angus GeneNet

BC Natural Foods LLC/Coleman Natural Meats LLC

Beef Advantage

Beef Marketing Group

Beef Marketing Group- Natural Beef Program

Beefmaster

Benton and Eastern Iowa Farmer Feeders

Born & Raised in the USA®

Braunvieh- Commercial Marketing

Braunvieh- Calf Buy-Back Program

BUB Ranch Beef Alliance

Cactus Feeders

Cargill Cattle Feeders Sharing Total Added Value

Certified Angus Beef LLC, Feedlot Licensing Program

Certified Angus Beef Natural

Certified Hereford Beef LLC

Charolais Advantage

Charolais GeneNet

Consolidated Beef Producers

Cooperative Beef \$olutions

Country Natural Beef/ Oregon Country Beef

Creekstone Farms Premium Black Angus Beef

Creekstone Farms Natural Black Angus Beef

Decatur Feedyards/Decatur Beef Alliance

Five Star Cattle Systems LLC

Five State Beef Initiative in Kentucky

Food Alliance

Gelbvieh Profit Partners LLC

Golden Valley Natural

Alliance and Cooperative Programs (Cont.)

Hereford Verified
Iowa Quality Beef Supply Coop/Two River Cattle LLC
Indiana Beef Alliance, LLC
Iowa Preconditioning Calf
IQ Plus
Programs Iowa Missouri Beef Improvement Organization
Joplin Regional Stockyards Value-Added Programs
Jordan Cattle Auction
Kentucky CPH 45
Land O'Lakes/Purina Feed LLC Cowlink
Laura's Lean Beef Co.
Lean Limousin Beef Co.
LimMark Program
Livestock Marketing Assoc. Vaccinated & Certified Calf
Program
Maverick Ranch Natural Meats
Merial SureHealth Certified Calf Preconditioning Program
Meyer Natural Angus
MFA Health Track Beef Alliance
Missouri Verified Beef Network
Missouri Stocker/Feeder Quality Assurance Program
Montana Beef Network
Montana Legend LLC
Montana Ranch Brand Natural
Montana Ranch Brand Piedmontese
NEMO Premier Beef Marketers
Nichols Genetic Source
Nolan Ryan's Guaranteed Tender Beef
North Missouri Angus Breeders Alliance
Northeast Texas Beef Improvement Organization
Oklahoma Quality Beef Network
OptimaxX
Painted Hills Natural Beef
Panorama meats Inc.
Performance Plus Retained Owner Alliance
Performance Plus Sale Barn Alliance
Pfizer 'SelectVac'
Piedmont Cattle Marketing Assn.

Alliance and Cooperative Programs (Cont.)

PM Beef Group's Ranch to Retail™

Power Genetics

Premier Beef Program

Premium Gold Angus

Pure Country Black Angus Beef

Ranchers Renaissance Cooperative Inc.

Red Angus Marketing Programs

SimChoice

Smart Buy

Snake River Farms

South Dakota Certified Enrolled Cattle™

South Dakota Certified Enrolled Cattle™ Natural Program

Southeast Pride

South Ozarks Premier Beef Marketers

Stevenson Basin

Superior Animal Health Vac Pak

Superior BVD PI Free Program

Superior Verified

Superior EU Natural

Superior Certified Natural

Superior Value Added Calf Program

Tallgrass Beef Co.

Tennessee Beef Marketing Alliance Sale

Tri-Merit

Two River Cattle LLC

U.S. Premium Beef Ltd.

Virginia Quality Assured

Western Ranchers Beef Coop

7070 Beef

Process Verified Programs

ABS Global Inc

AgInfo Link USA

AngusSource®- American Angus Association

AzTxCattle Co., LTD

Bovigen, LLC

Champion Innovations, Ltd

Global Animal Management, Inc

IdentiGEN North America

IMI Global, Inc

International Brangus® Breeders Association

Maverick Ranch Natural Meats

Micro Beef Technologies CattleLog Process Verified Program

North Dakota Beef Cattle Improvement Association (NCBCIA)

PM Beef Holdings LLC

Power Genetics Company Passport Program®

Red Angus Association of America

Red Angus Feeder Calf Certification Program

Samson, LLC

Smithfield Beef Group

South Dakota Department of Agriculture

Sterling Solutions

Validus

Quality Systems Assessment

National Beef Packing Company
National Beef Packing Company
JBS Swift & Company
Tyson Fresh Meats
101 Livestock Market, Inc.
Agri Beef Corporate Live Cattle
Arkansas Agriculture Department
Beef Marketing Group
Beef Town Feedlots, LLC
Cargill Cattle Feeders, LLC
Creekstone Farms Premium Beef, LLC
Decatur County Feed Yard, LLC
Grimmius Cattle Company
Harris Feeding Copmany
Hepton Livestock, LLC
Missouri Department of Agriculture
Morgan-Davis International
National Beef Live Side QSA Program
National Beef California, LP
Premium Protein Products, LLC
Ranchers Renaissance Cooperative, Inc.
San Benito Cattle Company
Smithfield Beef Group- Cattle Feeding Operations
JBS Swift & Company Corporate Live Cattle Program
Texas Cattle Feeders Associaiton
Texas Premium Beef
Tyson Japan EV- Supplier Audit Program