



A Generation of Quality Gains

A focus on quality and cooperation between segments has pulled beef back from the brink

BY GREG HENDERSON

Mired in a system that rewarded mediocrity a generation ago, America's beef industry was headed for oblivion. That was not just the perception of a handful of skeptics, but a view supported by the 1991 National Beef Quality Audit (NBQA), which caused former American Hereford Association executive secretary Hop Dickinson to succinctly describe American beef as, "Too big, too fat and too inconsistent."

The quality audits, funded by the Beef Checkoff, have been conducted every five years for the past 25 years to provide a set of guideposts and measurements for producers and

others to help determine quality conformance of America's beef supply.

The landmark 1991 NBQA accurately placed the beef industry at a crossroads and identified necessary improvements if beef was to remain



a significant player in America's diet. Foremost, the 1991 audit identified \$280 per head losses in carcass non-conformities—\$220 of which related to excessive fat production.

"That's when the beef industry started to change," says Bill Mies, a

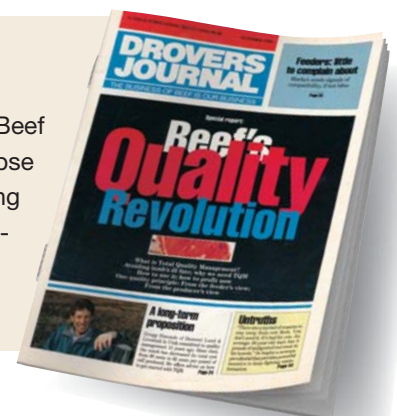
Texas A&M University animal scientist who played a role in both conducting the quality audits and disseminating the findings to producers. "That 1991 audit provided evidence that the beef industry was leaving an estimated \$2 billion laying on the table in non-conformities."

Mies, now professor emeritus at Texas A&M, says the 1991 NBQA helped producers realize they weren't in the cattle business, but "producing steak that would end up on their neighbor's table."

Beef's marketing system 25 years ago was just as much to blame as the quality of the product for beef's declining market share. "Producers didn't get paid for excellence," Mies says. "They were rewarded for mediocrity. Pens of cattle all sold at the same price regardless of quality, so there was no incentive to change." ➤

Drovers October 1992 Special Report

America's beef industry sought answers to free-falling demand in the early 1990s with a Beef Checkoff-funded National Beef Quality Audit (NBQA). The audit provided a bleak glimpse of reality. One out of every four steaks, for instance, provided an "unsatisfactory eating experience." In October 1992, Drovers published, "Beef's Quality Revolution," detailing non-conformities and outlining management and production changes necessary to improve beef quality. Results of the 2016 NBQA can be found at www.BQA.org.



Quality Challenges Timeline

1991

- External Fat
- Seam Fat
- Overall Palatability
- Tenderness
- Overall Cutability
- Marbling

2005

- Traceability
- Overall Uniformity
- Instrument Grading
- Market Signals
- Segmentation
- Carcass Weights

2016

- Food Safety
- Eating Satisfaction
- Lean Fat and Bone
- Weight and Size
- How and Where Cattle were Raised
- Visual Characteristics

Beef's quality challenges, as ranked by individuals making purchasing decisions among packers, retailers, foodservice operators and further processors.

With the awakening from the 1991 audit, many producers saw opportunities and began an industrywide quality revolution that pulled beef back from the brink.

"No question—those in the production sectors of the beef supply-chain have responded to the call regarding waste fat, injection-site lesions, animal care/handling and genetic improvements," says Gary Smith, a meat scientist who also worked to conduct the NBQAs and deliver the sobering results, and now a visiting professor at both Texas A&M and Colorado State Universities. "Results of the 1991 NBQA provided targets, and BQA outlined a road map. Fortunately, producers listened and acted. With the support of agriculture-related media, allied industries, packers and processors and the Extension Service, the beef industry recharted its course and successfully navigated a change in culture. Without such effort, beef could have slowly eroded into a minor dietary source of protein."

Fast forward to the 2016 NBQA, released in July of this year, and you'll find dramatic and profitable improvements that led to greater consumer satisfaction and rewards to producers.

"We've come a long way as an industry in terms of improving beef

quality," says Jeff Savell, professor, meat science and E.M. "Manny" Rosenthal chair in animal science, Texas A&M University, and one of three 2016 NBQA principle investigators. "Changes suggested by the audit through the years are significant. The opportunities for further improvement—and success—are unmistakable."

One critical fact laid bare by the 1991 NBQA was most producers operated as an island. Industry

Beef could have slowly eroded into a minor dietary source of protein."

—Gary Smith

segments—cow-calf, stocker, feedlot and packer—tended to view other segments as adversaries, which prevented the sharing of information about cattle quality and performance, and, ultimately, hindered the industry's efforts to produce uniform and consistent products.

To demonstrate the value of cooperation between segments, the Strategic Alliances Pilot Project was initiated in 1992 that included all

sectors of the beef chain. Fifteen ranchers sent about 1,500 steers to Decatur County Feed Yard, Oberlin, Kan., where they were sorted and fed to optimum endpoints, regardless of ranch of origin. The cattle were all slaughtered by Excel (now Cargill), with the beef sold through Safeway.

"It was an attempt to put all segments of the beef industry on the same level and to tear down the walls of distrust," says Warren Weibert, who co-owned and managed Decatur County Feed Yard for 37 years before retiring in 2014. "It was a tremendous learning experience for all of us. We demonstrated combining efforts and sharing data could lead to better profits for all and a better quality product presented to consumers."

The project spawned numerous industrywide programs and alliances that built upon the concept of sharing information to reward stakeholders and improve beef's overall quality.

"We recognized one size should not necessarily fit all," Weibert says of the significant environmental variations producers face from region to region. "Cattle must work on the ranch first, but the Strategic Alliances Project showed that ranchers could benefit from cooperating with the other segments up the chain to improve their cattle and increase their profits."

The influence from that first strategic alliances project is seen in nearly every corner of today's beef industry. Ranchers now find increased value to their cattle through improved genetics and health programs. Those who market calves off the cow see increased sale prices for weaning and preconditioning programs that provide buyers with clues to their feedlot performance. Ranchers who choose to retain ownership can earn carcass premiums through packer price grids and branded beef programs. >

Further evidence of beef's quality revolution is found in the significant increase in carcasses grading Choice and Prime. In 2006, 56.2% of carcasses graded Choice, with another 2.8% grading Prime. In 2016, nearly 74% of carcasses graded Choice, with 5.9% Prime.

Three main drivers have led to higher quality grades, says Larry Corah, professor emeritus at Kansas State University who also served for

a continuous selection for marbling," Corah says. "But we've also seen other breeds such as Simmental and Hereford that have placed significant emphasis on marbling."

Improvements to quality and consistency are why branded beef programs now account for 96% of all beef sold at retail. CAB, for instance, sold more than 1 billion pounds in fiscal 2016, continuing the brand's phenomenal growth over a

beef despite increasing retail prices over the past few years. The industry's quality revolution, however, must continue with new goals.

"In the 25 years since the first NBQA, the scope of the term 'Quality' has expanded; and that is justifiably so," Smith says. "Social issues—like animal care/handling and sustainability—have gained traction with consumers of our products. The beef supply-chain has reacted magnificently on both of those fronts and must be more forthcoming, with both customers and consumers, about results of those efforts—via the transparency afforded through traceability. Let's announce that to the world. Canada just did, by revealing that its sustainable beef will soon be available to those concerned about human health and the health of our planet."

Similar to presentations at producer meetings in the mid-1990s where Smith and Mies campaigned for dramatic changes in mindset as well as production practices, today they champion new ideas that might not affect the flavor of beef, but could greatly impact consumer acceptance.

"I understand the reluctance of some producers to divulge private business information to others, but the beef industry must become more transparent," Smith says.

"The 2005 NBQA identified 'Traceability' as the highest ranked quality challenge, and the 2016 NBQA listed 'How And Where Cattle Were Raised' as the fifth-highest quality challenge. Despite the fact that we are the most technologically advanced nation in the world, we are behind the curve on using what we know to compete globally on the issue of traceability. Consumers want to know where food comes from and how it was produced," he says. ✓



PHOTO: MATT BECHTEL

Genetic improvements and management changes are evident in today's retail beef case where products are leaner and higher quality than 25 years ago.

18 years as vice president of Certified Angus Beef's LLC (CAB) supply development division. Increases in the price of fed cattle from 2005 to 2010 while grain prices remained relatively steady meant cattle feeders could earn more by feeding cattle to heavier weights. "Those heavier endpoints typically mean more marbling and higher quality grades," he says.

The widespread drought in the early years of this decade forced producers to cull their cow herds deep. "That eliminated a lot of poorer cattle and producers have replaced them with better quality cows."

The third driver of quality gains is the industry's focus on genetics. "Within the Angus breed there's been

generation. Improved genetics at the ranch level helped make that growth possible. In 1991, the CAB acceptance rate for cattle identified on a live basis was 16%.

"Genetic improvement and higher percentage Angus in commercial herds have dramatically ramped up quality in the last decade," Corah says. "Acceptance rate last year was a record 28.9%, more than double that of 2006. The acceptance rate averaged more than 32% in July this year, which looks to be another record-breaker and a 13th consecutive growth year."

Success stories can be found through other branded programs, too, and consumers continue to buy

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