



Challenge Extended

Kevin Ochsner kicked off the Hereford Genetic Summit with inspiration and insightfulness.



Kevin Ochsner served as moderator of the Hereford Genetic Summit. On Thursday evening he set the stage for the speakers by sharing results of the national cow-calf survey conducted by MarketSense Inc. and membership survey distributed prior to the summit.

“You’re not in the cattle business selling to people, you are in the people business selling cattle,” Kevin Ochsner said in his opening statements Thursday afternoon at the Hereford Genetic Summit. A dynamic speaker, Ochsner is known most for hosting NCBA’s (National Cattlemen’s Beef Association) “Cattlemen to Cattlemen” show on RFD-TV but is also an agribusiness consultant. He introduced himself and then wasted no time delving into the beef industry’s challenges, and those specific to the Hereford breed.

Ochsner discussed the drivers of change in the industry and reviewed highlights from the American Hereford Association’s market positioning study and member survey, as well as helped attendees identify and discuss the strategic questions facing the Hereford breed and its breeders.

As a way to discuss change, Ochsner talked about how things

were different in the 70s, 80s, 90s and 2000s in the beef industry as well as in pop culture and everyday technologies.

“As cattle producers we have to ask ourselves,” Ochsner said, “have we made the progress that folks in the phone industry have made? Or the computer industry? Have we made the progress that our friends in the pork industry have made? Or the chicken industry? The dairy industry? Yes, in the beef industry we’ve made some progress in some areas. But if we think about some of our competitors, I fundamentally don’t believe we have made as much measurable progress as our competitors in the protein business.”

Ochsner then talked about some of the speed bumps the beef industry has seen along the way. He used examples of when the ethanol boom sent cattle feeding costs through the roof and the pink slime debacle, among others. Then he challenged each table to discuss lessons learned.

He asked attendees to reflect on the last 30 to 40 years and to discuss, “What are the key lessons we should have learned as beef producers?” and “What lessons should we have learned as Hereford producers?”

One table’s spokesperson said his group felt as a breed that they needed to avoid extremes. Another group pointed out that breeders need to take the responsibility to measure traits to know how the trends are changing. In the beef industry, one group pointed out, producers need to be sure they’re producing what the consumer wants. Ochsner added that it’s about focus.

“And this is true of all breeds of cattle, we want to be all things to all people,” he said. “We want to be that one-stop shop. But is that the right model for the beef cattle industry? In my opinion, we have to focus our efforts and energies on what we can do best for a specific set of customers.”

National Junior Hereford Association director Tommie Lynne Mead, Midville, Ga., said her group thought that it was important to keep setting new goals as we reach one.

She also said, “One of the things we talk about a lot as a junior board is that we aren’t Angus; we’re never going to be Angus. We want to be better than Angus. So we need to keep growing and improve as a breed.”

Don’t miss the turn

Next, Ochsner related a Bill Gates quote to the cattle industry:

“IBM was more dominant than any company will ever be in technology, and yet, they missed a few key turns in the road. That makes you wake up every day thinking, ‘Hmm, let’s try to make sure today’s not the day we miss the turn in the road.’”

Ochsner added, “Let’s take a close look at our industry and make sure we don’t miss any turns.”

He used Blockbuster, Encyclopedia Britannica and Kodak as companies who missed key turns in their changing marketplaces and went out of business as a result.

He identified six “signs on the road to the future” of the beef cattle industry.

- 1) Increasing global protein demand.
- 2) Changing consumer preferences.
- 3) A growing focus on sustainability.
- 4) Continuing food activism.
- 5) Growth in brands and value-added products.
- 6) Rapid technological advancements.

“I think it’s important to remember that 96% of the global population lives outside the U.S,” Ochsner said. “We’ve got to focus outside our borders and make sure that we are producing a product that they are going to consume.”

Changing consumers means change for the industry. Consumers are becoming more ethnic and the most important generation is now the millennials. It’s a generation as large as baby boomers but much more disconnected from agriculture.

By the numbers

Ochsner pointed out that in 2012 a survey showed that 41% of adults were eating less red meat, most often citing health reasons. Also, a survey showed that the average number of weekly meals with meat dropped to 3.6 from 4.1 just one year previously. In that same study in 2013, 58% of consumers said they had noticed the price of red meat increasing, and 36% said meat was too expensive to buy as often as they’d like.

And beef prices have changed more and faster than other protein food options. In the past 13 years, chicken prices have risen 24%, whereas beef prices have increased a total of 72% in the same time period.

Consumers are becoming more convenience focused; in fact, in a typical week, as little as two hours before dinnertime, one-third of shoppers are undecided at least half the time if they will eat in or go out. Preparation of one-pot meals is up 22%.

Potential beef customers are also more concerned about beef production. Forty-one percent said they were concerned about the use of antibiotics, and 58% were concerned that the use of growth hormones would harm humans. Also, according to the 2014 Power of Meat Study, 34% of respondents have purchased natural or organic meat in the past three months, and 38% of consumers expected to increase their purchases of natural or organic meats.



Concluding the conference, speakers participated in a question-and-answer session moderated by Ochsner.

Ochsner pointed out consumers have a desire for more information. He said 59% of respondents maintain it is extremely important for grocery stores and restaurants to provide information about the way the food they sell was grown or raised.

Ground beef consumption is up. In 1970, 40% of all beef consumed was in ground beef form compared to 2013, where that number is 57%. A whopping 67% of Americans prepare one ground beef dish each week.

Sustainability

"We were sustainable before sustainable was cool," Ochsner pointed out.

But it's not something to take lightly; the industry's sustainability is challenged by several facts: ranchers are aging, there's less grass, water is becoming scarce and fewer cows are on inventory than ever.

"As seedstock producers we've got to ask ourselves, 'What is our role in sustainability?' First of all, we have to know what it means, but in my opinion sustainability is a mathematical necessity for cattlemen."

The Global Roundtable for Sustainable Beef produced this definition: "We define sustainable beef as socially responsible, environmentally sound and economically viable product that prioritizes planet, people, animals and progress."

And Bob Langert, McDonalds vice president of global sustainability, says, "Consumers really want to know where their food comes from, how it's grown and raised, who the people are that produced it, if the environment was handled well, and whether or not the animals were treated with respect."

Ochsner shared a sobering statistic that about 30% of consumers don't trust animal producers to be committed to the welfare and well-being of livestock.

"They fundamentally don't know if they can trust us to be good stewards of the livestock," Ochsner said. "As seedstock producers we need to ask ourselves what's our role in that?"

Ochsner said another key trend is the growth in brands. Certified Hereford Beef (CHB®) is one of those brands. He pointed out that 79% of consumers are willing to pay 5% more for their preferred brand of beef, pork and chicken, and 47% of consumers are willing to pay 20% more.

"What role do you play as a seedstock producer in putting that system together and supporting and growing Certified Hereford Beef?" Ochsner asked.

Survey data

Next Ochsner shared data from the market positioning study

(see July *Hereford World* Page 173) and the Genetic Summit membership survey.

Of the Hereford breeders surveyed in the membership survey, more than 60% of the respondents had been breeding Hereford cattle for 21 years or more, and less than 5% had been in business less than 2 years. Thirty-six percent of breeders said they planned to raise slightly more registered Hereford cattle in the next three years, while 40% said they planned to stay the same. The vast majority of breeders identified the lack of land/grass as the biggest limiting factor to growing their operations.

The survey also asked what is the single biggest misconception people have about the Hereford breed? Almost 25% said miscellaneous defects, and the other top three were inadequate growth, inadequate performance and the inability to reach Choice

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grade. When asked "what are the top three traits you are focused on improving in your own herd," respondents said growth/performance, calving ease and udder quality. Fifty percent of respondents felt that the biggest threat facing our breed is continued growth of black-hided beef programs. Also the majority, 50% actually, felt that

docility was the Hereford breed's greatest competitive advantage.

Finally Ochsner shared this quote from award-winning strategic business author and consultant Louis Patler to inspire attendees to focus strategically: "To catch up you need to ask the right questions. To get ahead you need to find the right answers to the right questions. To stay ahead, you need the right answers to the right questions at the right time."

Visit the "Summit Proceedings" page at HerefordGeneticSummit.com to watch presentations, download slides and listen to audio interviews of speakers. **HW**



Ochsner challenged attendees to reflect on the last 30 to 40 years and to discuss, "What are the key lessons we should have learned as beef producers?" and "What lessons should we have learned as Hereford producers?" Pictured here are roundtable representatives sharing their ideas with the group.