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Inside...

Producers can increase marketing opportunities by participating in QSAs and PVPs.

by Angie Stump Denton

A s cattle producers struggle with rising input costs and shrinking profits, many are looking for opportunities to add value to their stock. With the increasing demands of export markets, several programs have been developed to help producers qualify for premiums.

Whether producers choose to market feeder cattle at the local auction or video auction or to market ranch direct to the feeder, there are options available to help market cattle profitably. Some options include pre-vaccinated and weaned, pre-vaccinated only, age and source verified, known genetics, natural and non-hormone treated cattle. Options can be combined so cattle can potentially be marketed as “age and source verified” or “pre-vaccinated and weaned.”

In today’s marketplace to qualify for added premiums, it requires more than producers making claims that their cattle are age and source verified. A third party must verify the claims, and this requirement has led to the development of U.S. Department of Agriculture (USDA) verification programs.

These programs have resulted in an “alphabet soup” of terms such as beef export verification (BEV), age and source verification (A&S), quality system assessment (QSA), and process verified program (PVP). It is frequently suggested that participation in these programs will bring additional revenue to cow-calf producers, but for most producers, the technical aspect of understanding these programs keeps them from participating.

An educational brochure, “Dispelling the Myths About Livestock Marketing Programs for Producers,” created by the Colorado Department of Agriculture and USDA, answers some basic questions about verification programs. According to the brochure, “Simply stated, verification programs provide a structure for producers and the livestock industry to show ‘we are doing what we say we are doing.’”

The brochure explains PVP and QSA are close cousins and that the programs have been gaining U.S. consumer support in addition to being recognized by our foreign customers in Japan as an approved method for verifying cattle that are 20 months of age or younger. More than 20 additional countries and numerous domestic clients also depend on PVP and QSA programs to verify preservation of characteristics and requirements.

The next step

“Fifteen years ago there was a new term in the beef industry — value-based marketing,” says Jim Williams, Certified Hereford Beef (CHB) vice president of supply. “Since then we have seen numerous channels of value-based marketing established. QSAs and PVPs are aggressive marketing strategies that are the next step in value-based marketing.”

Cattle feeder Travis Edeleal, Overton, Neb., says he is seeing more and more producers transition from commodity marketing to superior value-added marketing. “Producers who are on the cutting edge and worried about input costs are investing resources to generate higher return in their marketing practices,” he says. “Those who invest dollars and become compliant have the opportunity to separate themselves from commodity marketing practices.”

The “Dispelling the Myths” brochure explains that all USDA...
What is Age and Source Verification?

Age and Source Verification has been a topic of increasing interest in the beef industry, as the Japanese and other foreign markets have reopened to U.S. beef. Beef export regulations have clearly defined the meaning of age and source verification (A&S), as age and source claims must be documented and verified through a recognized U.S. Department of Agriculture (USDA) program. These programs include the USDA Process Verified Program (PVP) or a USDA Quality System Assessment (QSA).

What are all these programs and terms?

USDA has established two processes by which cattle birth records may be tracked through the production chain. In general, PVP programs are designed to verify cattle prior to marketing (applicable to feeder cattle sales); whereas QSA programs define the mechanism by which records are maintained and transferred within a production system (retained ownership with a known feedlot and packer).

PVPs are the highest level of certification in which companies have certified their entire production process or large portions of their process. This includes detailed procedures, record systems and audit process. In the case of age and source verification, PVP programs create a documented, auditable procedure for the collection and transfer of age and source information.

There are several PVPs that have been approved through USDA. Examples include those administered by beef processors (Smithfield Beef Group, PM Beef Group, Creekstone Farms), information management companies (AgInfoLink, IMI Global) and breed associations (AngusSource, Red Angus Association).

Obtaining certification to administrate a PVP is complex and expensive. A portion of the company’s employees will be dedicated to maintaining the integrity of the program, managing records and handling audits. PVP certification is not something an individual producer or even a county group of producers will likely undertake.

QSA programs are similar to PVP programs in many ways, although a QSA generally involves certification of a system that may involve several entities. These companies or groups have certified through USDA a system of records and procedures that can verify their claims to specific attributes of their product. For A&S, most beef processors have an approved QSA for exporting beef. This QSA describes how age/source will be verified and their claims to specific attributes of their product are verified. For A&S, most beef processors have an approved QSA for exporting beef. This QSA describes how age/source will be verified and their claims to specific attributes of their product are verified.

Role in exporting beef

USDA has established Beef Export Verification (EV) Program requirements (see www.ams.usda.gov/bvg/loc/evs.htm) for selling beef internationally. These requirements outline the specific requirements for each country, including products that may be exported, processing regulations and stipulations for the cattle producing the beef.

In the case of Japan, a specific requirement is that the beef be from cattle of 20 months of age or less. For most other countries (Hong Kong, Mexico, Canada), the age requirement is 30 months or less. These EV age regulations can be met in one of three ways: 1) product from carcasses which meet carcass maturity specifications (e.g. A40 rule for Japan); 2) product from PVP age-verified cattle; or 3) product from QSA age-verified cattle.

So what does this mean?

Age and source verification have taken on a new meaning. For calves to be truly age and source verified, they must be enrolled in a PVP or QSA as previously described. Simply stating “age and source verified” or “home-raised” does not provide the level of

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**PVP and QSA comparison**

<table>
<thead>
<tr>
<th>Process Verified Program (PVP)</th>
<th>Quality System Assessment (QSA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility – Age and/or source PVP or QSA verified cattle are eligible for EV programs</td>
<td>yes</td>
</tr>
<tr>
<td>Marketing claims are chosen by each company</td>
<td>yes</td>
</tr>
<tr>
<td>Marketing claims can include</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>Age</td>
</tr>
<tr>
<td>Source</td>
<td>Source</td>
</tr>
<tr>
<td>Genetic verification</td>
<td>Non-hormone treated cattle (NHTC)</td>
</tr>
<tr>
<td>Feeding practices</td>
<td></td>
</tr>
<tr>
<td>Animal handling</td>
<td></td>
</tr>
<tr>
<td>Additional claims, as approved by USDA, AMS</td>
<td></td>
</tr>
<tr>
<td>Marketing the approved PVP or QSA</td>
<td>Approval is posted on USDA’s Web site</td>
</tr>
<tr>
<td>Program Compliant Tags (PCT) – cattle can be marketed through unapproved and approved locations</td>
<td>yes</td>
</tr>
<tr>
<td>Quality manual required</td>
<td>yes</td>
</tr>
<tr>
<td>Requirements – ISO9001:2000</td>
<td>Requires specific information on all major elements and sub elements of the ISO9001</td>
</tr>
<tr>
<td>Requirements – USDA specific</td>
<td>yes</td>
</tr>
<tr>
<td>Scope</td>
<td>Large scope requires more detail and covers a large range of marketing claims</td>
</tr>
<tr>
<td>Supplier Evaluations – Do PVP and QSA require supplier evaluations and re-evaluations?</td>
<td>yes</td>
</tr>
<tr>
<td>USDA program began</td>
<td>mid-1990s</td>
</tr>
</tbody>
</table>

**Source:** CattleNetwork.com

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**What is the complete story of production, juiciness, consistency and the experience beef.** This means a focus on taste, tenderness, juiciness, consistency and the complete story of production, which includes verification today,” she says. “We continue to see more differentiation with proteins from a branding perspective. More and more we hear about the consumer that wants it all, including detailed information regarding where their food comes from. They have philosophical or experience-based positions that affect their purchasing decisions; and beef, more than any other protein, is seen as a special purchase. It becomes part of the barbeque with friends and the point of conversation. There is also the buyer that makes decisions solely based on a price-point.

“As a world competitor, we compete much more effectively in the realm of the ‘experience beef item.’ Our costs of production are higher than many other strong beef producing countries, so we must focus on the ‘total experience beef.’ This means focusing on taste, tenderness, juiciness, consistency and the complete story of production, which includes verification today,” she adds.

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...ABCs of Verification continued from cover
What are PCTs?
The U.S. Department of Agriculture’s (USDA’s) Agriculture Marketing Services (AMS) provide answers to some commonly asked questions regarding program compliant ear tags (PCTs).

Q: What is a PCT?
A: A PCT is a one-time use, tamper-evident tag, which contains a non-repeatable, unique number. The tag is unique and specific to the program. It may be an electronic identification (EID), radio frequency identification (RFID) or a visual tag. The company must provide evidence that the tag meets these requirements.

Q: Do I have to use a PCT in a USDA Process Verified Program (PVP) or Quality System Assessment (QSA) program?
A: No. Companies may choose the method of identification.

Q: Where does the PCT have to be applied?
A: The PCT must be applied: 1) under an approved USDA PVP or QSA Program and 2) at the farm of birth or an alternative location as approved on a case-by-case basis, depending on the scope of the USDA PVP or QSA program.

Q: What are the benefits of using a PCT in a USDA PVP or QSA program, when an ear tag is applied?
A: The use of a PCT allows clients making claims that do not change from one location to another (such as age, source and breed claims) more flexibility to market qualified animals. Qualified animals may be marketed to unapproved locations without jeopardizing the claims associated with those animals. Whereas, animals without a PCT must be marketed and moved from an approved location to an approved location in order to maintain the animal’s eligibility in the USDA program.

Q: If an animal looses a PCT, can the animal be retagged and retained in an approved USDA PVP or QSA program?
A: Yes, an animal may be retagged if the PCT is lost while the animal is enrolled in a USDA PVP or QSA program. If the PCT is lost while the animal is not enrolled, then it is not eligible for inclusion in a USDA PVP or QSA program.

Cattle marketing information definitions

Age verified — cattle confirmed to be of known age (group age or individual age).

Approved location — a packer, feeder, backgrounder, sale barn or producer that has been evaluated and listed as an approved supplier on U.S. Department of Agriculture’s (USDA’s) or an approved supplier list such as IMI Global’s.

Beef Export Verification (BEV) or Export Verification (EV) – USDA verified programs that establish the specific requirements for an export customer (specific country). Requirements can include age, source, age and source, etc. The EV programs began as BEV programs. As more countries required verification of ALL meat products, beef was not the only species or classification requiring verification activities. Thus the term “beef” was dropped, and these programs are simply referred to as EV programs.

Non-Hormone Treated Cattle (NHTC) – an EV program that establishes the requirements for beef exported to the European Union.

Process Verified Program (PVP) – a Quality Management System describing how the company verifies the product requirement(s) and how product identity is maintained throughout production (large scope — age, source, feeding practices, animal handling). If age is one of the PVP points, these cattle can qualify for an EV program (e.g., Japan).

Program compliant tag (PCT) – one-time use, tamper-evident, non-repeatable, unique number. EID, RFID, visual tag or a combination visual and EID.

Quality Management Systems (QMS) – a program designed to provide verification that special processes or marketing claims are clearly defined and verified by an independent third party (e.g., USDA).

Quality Systems Assessment (QSA) – a QMS describing how the company verifies the product requirement(s) and how product identity is maintained throughout production (limited scope — age, source, NHTC, etc.). If age is one of the QSA elements, these cattle can qualify for EV programs.

Source verified – cattle confirmed to be of known source.

Maintenance items 1 to 3 listed above will provide the minimum information needed for many programs. Adding items 4 and 5 may increase your options, but realize that some programs may have additional requirements. In almost all cases, cattle that are destined for an A&S program will need to be tagged with a radio frequency identification (RFID) ear tag. The electronic tag serves as the conduit for transfer of information for the PVP or QSA. The tag must be associated with an individual animal and its birth premise and, therefore, must be applied by the cow-calf producer prior to the animal’s commingling with cattle from other sources. For more information about PVPs, visit http://processverified.usda.gov and for QSA information visit, www.ams.usda.gov/lsg/arch/qsap.htm.

— Scott Greiner, John Hall and Laura Marks, Virginia Tech

www.hereford.org
Recommended EID tag placement for cattle

The following are instructions for electronic identification (EID) tag placement published by Allflex USA Inc. The company says the application site must be free of foreign debris prior to placement of tags on the animal and encourages producers to review application instructions prior to tagging.

The female portion of the tag should be on the inside of the ear with EID tag application. Note that this site is a thicker part of the ear. Application may be more difficult than when applying a visual tag. Allflex literature says sufficient space between the EID and visual tag is important for proper healing and retention.

Both the U.S. Animal Identification Plan (USAIP) and the National Cattlemen's Beef Association (NCBA) recommend animal identification be placed in the left ear.

HGP (hormonal growth implants) their entire life,” she explains. “There are other specific requirements of an NHTC program, such as a requirement for individual animal identification prior to the cattle leaving the source. You must enroll with either a USDA program or a company like IMI Global that has been approved by the USDA to audit the NHTC requirements.”

Edeal explains to qualify for the NHTC program, cattle must be sold directly or by video to an NHTC approved feedlot or backgrounding lot. They can not be sold at a sale barn.

Lending a helping hand

There are several companies like IMI Global that will help producers understand verification programs and participation in value-added programs. One such company is IntegriFlex, which was developed to work on behalf of small to midsize producers and feeders to help them become QSA approved and remain compliant. IntegriFlex also helps producers or feeders find marketing options.

Edeal is a partner in IntegriFlex and explains the company works with IMI Global to provide a QSA umbrella. This allows IntegriFlex to provide third-party verification for clients and gives them the ability to participate in premium programs such as age and source verification as well as NHTC.

“I think the most important decision you make as a producer is making sure you have a good ROI (return on investment),” Saunders says. “That’s how my family runs their cattle operations. That’s how you run any business. We tell our customers the same thing. There is a good return on verification programs in the market today if you choose the right partner. You just have to look at the market value and then look at your cost.

“Furthermore, if you are progressive and are always staying at the front of the supply curve — meaning you meet a new demand before the rest of the supply chain catches up — you will always be in a good offensive position in the marketplace. And though I’ve said it once, I will say it again: Spend as much time on marketing your value-added calves as you spend producing them.”