

A Bright Spot



CHB provides additional opportunities for commercial breeders.

by *Christy Couch Lee*

What a year 2012 was. Record droughts led to skyrocketing feed prices and a decrease in the nation's cow herd. It's a troubling time for many, without a doubt.

However, the Hereford breed has seen an increase in registered seedstock demand, much of which can be attributed to a renewed confidence in Hereford genetics and a growing demand for baldie cattle, says Craig Huffhines, American Hereford Association (AHA) executive vice president.

He says the cattle industry is entering a unique time. And one bright light in the industry could be Certified Hereford Beef® (CHB).



"We are facing a shortage of cattle, and the U.S. Department of Agriculture (USDA) is reporting a decline in the nation's cow herd of at least 3%," he says. "The herd hasn't been this small since 1953."

Because of the current national economy and the record high price for beef, many beef consumers simply can't afford the highly marbled cuts, as the value of Choice carcasses has increased by more than 70% since 2002.

"There's a big push for Choice cattle at a time when corn is as high as it has ever been, and we're low on inventories," Huffhines says. "As an industry, high marbling beef is still in high demand for white-tablecloth restaurants and export, but under this economy, the average consumer is having trouble affording the upper end of the Choice grade of beef."

Therefore, he says, we need to assure that the quality of low Choice and Select is acceptable for consumers. That's where CHB comes into play.

"If we're going to ask the consumer to pay this amount for our product, we have to guarantee the quality," he says. "CHB can do that. That's why

we are seeing growth in our end-users, including retailers and restaurants. They have that product quality assurance at a price point that is competitive with other brands."

The numbers speak for themselves.

During fiscal year 2012, CHB topped out at the largest volume year since its inception in 1994 with 46 million lb. of product sold. In addition, 244,624 head of cattle have been certified through

the program this fiscal year.

Why the increase in certification and CHB product sold? Sure, it's value to the consumer. Retailers and restaurateurs want to secure a supply of quality beef on a weekly basis, and CHB has that ability. But it's also value for the producer, Huffhines says.

"By combining Hereford and Angus genetics, producers gain the advantage of heterosis," he says. "These baldie cattle are



FACT BOX: What is CHB?

- ◆ Started in 1994 as a marketing initiative of the American Hereford Association.
- ◆ Two packing companies process for Certified Hereford Beef (CHB) LLC, including National Beef Packing Co. LLC with plants located in Dodge City and Liberal, Kan., and Greater Omaha Packing Co. Inc., with a plant in Omaha, Neb.
- ◆ Live animal specification includes straight Hereford and black- and red-baldie steers and heifers.
- ◆ The carcass specification allows for Select or higher graded carcasses and several brands are sorted within the specification according to targeted markets.
- ◆ The goal of the program is to enhance the value of Hereford baldie cattle. Black-baldie steers and heifers are afforded an advantage because they can fit into any of the more than 30 USDA-recognized Angus programs, as well as CHB.
- ◆ Red-baldie cattle have the exact same genetic package as black-baldie cattle, other than a color gene, and are encouraged to go through the CHB program.
- ◆ The CHB program encourages crossbreeding of Hereford and Angus genetics in an effort to maximize on-farm profit potential using the advantage in heterosis that the two breeds bring together collectively.
- ◆ The CHB program has bridged the market imbalance between black-hided and red-hided cattle due to the growing markets accepting the Hereford-influenced beef.

FACT BOX: The mission of CHB

- ◆ To provide consumers with consistently tender, juicy and flavorful beef products.
- ◆ To enhance the marketing opportunities of food industry distributors, retailers and restaurateurs.
- ◆ To increase the demand for commercial Hereford-influenced cattle.

growing in demand because of the ranch and feedlot efficiency economics but also because of the flexibility of the baldie animal.”

Huffhines says this flexibility can be most evident in the bottom line for the commercial producer.

“The Hereford-Angus cross allows the cattle to be marketed through the CHB program or through any of the more than 30 USDA-recognized Angus programs,” he says. “And, through the CHB program, producers can see a \$10-\$20 premium, with no discounts — and a certification rate as high as 90%.”

Huffhines says 2012 will likely bring a new plateau in live cattle prices, breaking over \$1.20/lb. with projections that could go as high as \$1.30 in 2013.

This increase in live animal prices is translating into record high retail beef prices and significant consumer resistance at the meat case, Huffhines adds.

“With increasing feed costs and decreasing cattle numbers, a product like CHB produced from very efficient Hereford-cross cattle can help bring more to the bottom line to offset high inputs while guaranteeing quality for the consumer,” he says. **HW**

FACT BOX: How do my cattle qualify for the CHB program?

Thinking the Certified Hereford Beef program sounds like an excellent marketing tool for your operation? To get your cattle into the pipeline, contact one of the following:

- ◆ Your American Hereford Association regional field manager. For a complete list, visit Hereford.org/seedstock/field-staff.
- ◆ Nick Rausch, Greater Omaha Packing Co. Inc. sales, nrausch@greateromaha.com or 402-490-1441
- ◆ Or consider consigning to one of the many Hereford-influenced feeder calf sales hosted across the country:

Tennessee Hereford Marketing Program Feeder Calf Sale

Location: Tennessee Livestock Producers, Columbia, Tenn.

Contact: John Woolfolk 731-225-2620 or Darrell Ailshie 931-212-8512

Kansas Hereford Feeder Calf Sale

Location: Manhattan Commission Co., Manhattan, Kan.

Contact: Gus Gustafson 785-238-7306, Tom Granzow 785-466-2247 or John Cline 785-776-4815

Kentucky Certified Hereford-Influenced Sale

Location: Bluegrass Stockyards South, Stanford, Ky.

Contact: John Meents 419-306-7480

Missouri Hereford Association Hereford-Influenced Feeder Calf Sales

Location: Miller Co. Regional Stockyards, Eldon, Mo.

Contact: Matt Reynolds 660-676-3788 or Marty Lueck 417-948-2669

Montana Hereford Association Hereford-Influenced Feeder Calf Sale

Location: Headwaters Livestock Auction, Three Forks, Mont.

Contact: Montana Hereford Association board of directors

Greater Midwest Certified Hereford Feeder Calf Sale

Location: Carthage Livestock Auction, Carthage, Ill.

Contact: John Meents 419-306-7480 or Brent Lowderman 309-221-9621

