

## Progressive Business Arrangements

It's been another tremendous year in the Hereford business with reports of record sales and increased demand for Hereford bulls and females across the country. Year-to-date AHA membership is up 23% from a year ago as we witness several new breeders invest in the business.

Others from outside the Hereford circle are beginning to see the opportunities that the breed has to offer, making the decision to enter the Hereford business and capturing some of the growing market share. While things are good for the most part, we have to remember we still cannot control Mother Nature, foreign markets and backup in feedlot supplies, which have all influenced directly or indirectly fat cattle prices.

The American Hereford Association (AHA) and its membership will certainly have to be as progressive as ever in performance



Craig Huffhines

recording, marketing and business decisions in order to remain competitive in whatever economic environment we're posed. I'd like to discuss a few major issues and initiatives that AHA has focused on in order to stay ahead of the curve.

### Animal identification

The global marketplace is demanding accountability of everyone in the livestock business through production chain traceability of food products. Up till now our U.S. beef industry has given lip service to a national animal ID system with disagreement in its mechanics, which has stymied its progress. Frankly, we haven't had a good reason to move fast in this area due to lack of incentive or disincentive, but that will be short-lived.

The U.S. Department of Agriculture (USDA) has announced that national animal identification for the purpose of tracking movement of livestock for disease control will be mandatory by 2009. At the recent World Meats Conference in Brisbane, Australia, Gary Johnson, worldwide supply chain manager for McDonald's Corporation, said that his company is demanding the food production chain become more transparent, traceable and trustworthy. The "three t's" will soon drive our business clear down to the breeder level in order to protect the food chain from disease outbreaks or other biosecurity risks.

The AHA has worked the past year to develop a traceable program (Hereford Verified) for its Certified Hereford Beef® (CHB)

product. The system is set up on an electronic basis whereby producers can enroll their calf crop online at [www.herefordverified.com](http://www.herefordverified.com), order tags, and channel source and age identified steers and heifers through a feeding network.

The program experienced tremendous momentum in the fourth quarter of 2005 with the prospect of the Japanese market opening. Then in January, the trade door to Japan was again closed, taking some of the wind out of our sails. The program is expected to distribute approximately 20,000 tags this year, which is a startup success, but a far number short of where we eventually need to be.

The motivation will soon be here for all of us to participate in animal identification and traceability at some level, and a mandatory program looms just a few years away. At the very basic level, breeders can help themselves and the AHA in this effort.

Signing yourself up with a premise number is the first big step. A premise number is similar to a social security number in that it gives the location of your farm or ranch an official and unique identity. The premise number is what allows animals to be tracked by location. It's stored in a national database and can be assigned by going to your state veterinary Web site. Once national animal ID becomes mandatory, a premise number will be required if you are going to trade cattle under a traceable system.

The second step is to transfer ownership of the bulls or females you've

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American Beef Records Association (ABRA), a wholly owned subsidiary of the American Hereford Association (AHA), is going to provide registry and performance recording services to the five American Breed associations. Pictured (l to r) are: Craig Huffhines, AHA; Ervin Kaatz, Santa Gertrudis Breeders International; Chris Shivers, American Brahman Breeders Association; Rodney Roberson, United Braford Breeders; Wendell Schronk, Beefmaster Breeders United; Jim Monaghan, American Red Brangus Association; and Arthur Rickards, Agricultural Business Research Institute.

sold to other producers as soon as possible. This does a couple of things. One, it provides contact information for the commercial client so that AHA can send information to that producer; and two, it allows CHB staff to identify where Hereford-sired calves are raised so that direct contact can be made with their owners.

The AHA Board is appointing a committee to study the possibility of a certified Hereford/baldie female program. Documented genetics may be a requirement for such a program if it comes to fruition, and the transfer of bulls will position the Association as progressive commercial marketers.

For more information regarding national animal ID, send us an e-mail or contact your state veterinary office. It's never too early to find out the facts.

### **ABRA strikes agreement**

The AHA's wholly owned subsidiary, American Beef Records Association (ABRA), has recently entered into a service agreement with five other beef breeds to provide registry and performance recording services to their respective organizations. The five breeds are the American Brahman Breeders Association, Santa Gertrudis Breeders International, Beefmaster Breeders United, the American Red Brangus Association and United Braford Breeders.

The AHA Board of Directors saw an arrangement with the five breeds as a long-range opportunity to bring more economies of scale and organizational synergies

to each of the businesses involved, according to AHA President Jack Holden. "We welcome the opportunity to provide service to these American breeds and look forward to future opportunities together."

ABRA is able to provide services to these breeds and potentially other associations due to a talented and experienced staff, and experience utilizing the international livestock registry system (ILR) of the Agriculture Business Research Institute (ABRI) in Armidale, Australia.

ABRI worked with the AHA in early 1999 to provide the Association with a robust registry and accounting software system and delivered the system on time, on budget and ahead of the Y2K challenge. After more than six years, AHA staff has become quite efficient with the system. With the development of online registration, up to 25% of all work comes in electronically and is turned around within a day. This efficiency has enabled the AHA to shift resources to the ABRA entity in order to provide the same services to these other organizations.

ABRA is scheduled to launch these services toward the third and fourth quarters of 2007. The respective beef breeds will operate autonomous of each other, but will share the software, hardware, data entry and customer service personnel of the AHA headquarters. This system will allow the executives and staff members of these associations to network with the system in Kansas City, see all of the business information required to operate an association and conduct the same level of business from their remote locations. **HW**