



# Upward & Onward

*Certified Hereford Beef® is going nowhere but up — with sales, expansion and new staff members.*

by **Christy Couch Lee**

When it comes to the Certified Hereford Beef (CHB®) program, the sky's the limit. And, in the past year, that's exactly where the program is headed — nowhere but up. Sales and certifications are on an upward trend, and new staff members are prepared to help take the brand to the next level.

## Dollars and cents

CHB's financial situation is bright.

As of May net income for the program was more than \$182,000, compared to a loss of more than \$82,000 last year. To date, revenues are up 16%, compared to budget, and up 13%, compared to last year.

Cattle identification numbers have remained constant in the past year. However, cattle certification numbers have increased dramatically. Greater Omaha Packing Co. Inc.'s certification numbers are 18% above budget and 32% greater than last year, as of March. With National Beef Packing Co. LLC, numbers are 9% above budget and nearly even with last year, to date. This activity results in a total increase in certification of 19%.

This increase in certification has led to increased demand and pricing for Hereford-influenced feeder cattle, says Craig Huffhines, American Hereford Association (AHA) executive vice president.

"In 2011 CHB influenced the marketability of over \$200 million in beef sales, driving more than \$8 million in added value back through the packing system," he says. "Since its inception, more than 2.5 million carcasses have been certified through the program. There is no question that the AHA's involvement in the feeding, packing and food distribution business has been challenging but worth the effort."

Every segment of the CHB program has increased in the past year. As of March value-added sales were up 36.6%, foodservice was up 30.5% and retail supermarket sales had increased 12.3%.

## Demand in the right direction

With revenue trending upward, it should come as no surprise that CHB demand is on a continuous growth pattern as well, says Mick Welch, CHB LLC vice president of sales.

"In CHB foodservice, the commitment has been on a positive swing — from the distributors to their customer base coming back for more," he says. "It's all about repeat customer satisfaction — whether it be with retail or foodservice."

This continued demand can be attributed to CHB's consistent quality, says Brad Ellefson, CHB LLC vice president of customer service.

"Over the years, our CHB customers have praised the product for the consistency of the eating

quality," he says. "It doesn't matter if it's a customer that has been on the program for a year or 15 years, which some of our older customers have been. The quality of this program is what keeps the consumer coming back. When store groups do customer surveys of the meat department, the category of beef seems to always score the highest. This tells me that the consumer is greatly satisfied with the quality of the CHB product."

Danny Wright, Sysco Nashville director of merchandising, agrees. He says Sysco and its customers have been pleased with CHB's flavor and quality.

"Mick Welch presented the product to me, and it sold itself," Wright says. "The Hereford breed genetics are perfect for restaurant quality. It produces a great flavor, and a texture different from any other."

Bron Zimmerman, Kohl Wholesale meat buyer, says in its two-year relationship with CHB, Kohl Wholesale has been pleased with the product's consistent quality, as well.

"We were looking for a product that would serve our customers well," he says. "It's a limited source and consistent product. And CHB is domestic, coming from two Midwestern plants. Our customers like the quality of the product."

Ellefson says product demand varies by region.

"If you're looking at a couple of our customers, namely The Fresh Market or Federal Meats based out of Buffalo, N.Y., their customer base

goes after the middle meats such as strips, tenderloins and ribeyes,” he says. “Promoting a new item in a new market area — such as the tri-tip, which is well known on the West Coast but not so in the Midwest — can be very successful if handled properly. The Minnesota-based Coborn’s group introduced this very item, and it has continued to show growth in sales.”

And, Ellefson says, a close relationship with CHB’s two packing plants and their brand managers, Nick Rausch from Greater Omaha and Mike Louderback with National Beef, has led to great CHB growth, as well.

### ↑ **Powerful partnerships** →

Welch and Huffhines agree. CHB has a positive working experience with its two packing partners: National Beef with plants in Liberal and Dodge City, Kan., and Greater Omaha located in Omaha, Neb.

“Both are located in the heart of beef country, where beef and feed are plentiful,” Welch says. “We work together to locate and target areas where CHB is not currently being distributed, both in the foodservice and retail arenas.”

Huffhines says the relationship with these two packers is critical to CHB’s success.

“The success or failure of any food brand is predicated on two key industry relationships involving the processing and distribution channels within the food industry,” he says. “CHB is fortunate to have quality-conscious

and professional packer relations in National Beef and Greater Omaha. Both companies have invested tens of millions of dollars in state-of-the-art technology to produce the highest-quality, safest products in the world. And they have dedicated professionals to work collaboratively with

CHB staff in supporting the sales and marketing on a daily basis.”

In addition, Huffhines says, quality distributors are essential for the growth and development of the CHB brand.

“In the last three years, CHB has made great strides in developing distribution,” he says. “Distribution is the other key component in growing a brand. Companies like Kohl Wholesale, Sysco, Merchants Foodservice and others have allowed CHB to duplicate sales expertise in the marketplace by over tenfold. Distributors help support the regional focus of a brand and can do as much as anyone to drive sales.”

In conjunction with regional distributors, CHB has participated in numerous food shows across the country.

### ↑ **Promoting the product** →

Welch says these food shows help to promote the brand to potential retail and foodservice clients and help to continually improve customer relations.

“We participate in a number of food shows to support those who distribute CHB product to independent retailers or to restaurants and institutions that purchase CHB through our foodservice distributors,” Welch says. “When we are able to meet face-to-face with their customer base, we can convey the value and benefits that CHB can bring to their establishment.”

## Fresh growth

Greensboro, N.C.-based specialty food and grocery chain The Fresh Market is one of the most exciting Certified Hereford Beef (CHB) retail clients today. In 2011, 14 stores featuring CHB opened, and 15 are projected to open before year’s end. In all, 116 The Fresh Market stores are open from coast to coast – with most featuring CHB, says Brad Ellefson, CHB LLC vice president of customer service.

“This year, CHB will be featured in The Fresh Market stores expanding into new territory, including Wichita, Kan.; Tulsa, Okla.; Rogers, Ark.; and Roseville, Calif., to name a few,” Ellefson says.

The Fresh Market maintains four primary departmental focuses: specialty grocery, fresh produce, fresh meats and deli/prepared foods. **HW**



Through these food shows and when visiting with clients one-on-one, Welch says, the CHB customer response has been overwhelmingly positive.

“Our clients see value not only to them but also to their customers,” he says. “With CHB their customers are able to build brand equity and create repeat customer satisfaction, while setting their businesses apart from the competition. The CHB product will give consistent dining satisfaction, time after time.”

Because of this customer satisfaction and increasing demand, the CHB staff is expanding, as well.

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## CHB by the numbers

**Net income (as of May 2012):** More than \$182,000, compared to a loss of more than \$82,000 last year

**Revenues (as of May 2012):** Up 16% compared to budget, and up 13% compared to last year

**Foodservice sales (as of March 2012):** Up 30.5%, compared to last year

**Value-added sales (as of March 2012):** Up 36.6%, compared to last year

**Retail supermarket sales (as of March 2012):** Up 12.3%, compared to last year

**Cattle identification numbers (as of April 2012):** 239,568; up 0.5%, compared to last year

**Cattle certification numbers (as of April 2012):** 163,989, up 20%, compared to last year

**Total number of carcasses certified through the CHB program (since its inception):** 2.5 million **HW**

### **New CHB staff**

With the goal of expanding CHB into new territories and increasing current customer relations, CHB welcomed two new staff members — Danielle Starr, Manawa, Wis., and Jill Johnson, Galva, Ill. — in May.

“CHB growth has been impressive the last two years,” Huffhines says. “With growth in sales comes growth in resources available to hire support staff. CHB has recently hired two young women with Hereford backgrounds, Hereford loyalty, and exceptional communication and marketing skills to help support the continued demands for customer support and new account development. I’m proud that we have the ability to bring young people into the

company who have tremendous potential to immediately impact our business.”

Welch says these two new staff members will increase the scope and reach of the CHB brand.

“While keeping our focus on new business and moving Certified Hereford Beef into markets where we lack distribution, we are fortunate to bring on Jill and Danielle,” Welch says. “They will not only maintain current relationships but also help to explore new opportunities within designated marketing areas, including the Southeast and Southwest.”

Welch says Starr and Johnson will be responsible for managing and serving existing customers and building new relationships with both foodservice and retail customers.

### **Dedication**

Welch says the CHB staff is dedicated to creating value for the customers, the distributors and, ultimately, the Hereford breeders.

“We strive to create demand for Hereford-influenced cattle in the beef industry and to serving those ranchers and farmers who are dedicated to the Hereford breed,” he says. “And, I’m happy to say that more people are talking about CHB within the beef industry today — now more than ever before.”

With a dedicated staff, increasing demand and revenues only trending upward, CHB continues to have a bright future. The sky truly is the limit. **HW**