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# **HW** HEREFORD WORLD

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## Hereford Verified: Capturing Value

*New program breaks the industry mold with real premiums and data sharing.*

by Angie Stump Denton

Today's marketplace is competitive and challenging as the beef industry changes to meet consumer demands. The American Hereford Association (AHA) and Certified Hereford Beef (CHB) LLC have developed a program to fill the needs of the industry chain from the seedstock producer to the consumer — Hereford Verified.

"Hereford Verified is pull-through demand in its purest form," says Rob Ames, CHB LLC executive vice president. "It will link progressive food marketers to the genetic tools and products of the Hereford breed."

Simply put, Hereford Verified is a way for producers to benefit from CHB demand by validating the source, age and genetic makeup of CHB-eligible feeder cattle.

"Hereford Verified was created to fulfill many producer, feeder, packer and CHB LLC needs including supply assurance, supply growth, quality assurance and source, age and breed verification," says Jim Williams, CHB vice president of supply. "The program will help create a reliable supply of CHB-eligible cattle rewarded with added value."

The program is based on helping producers develop a profitable market for their cattle while bridging the gap from the seedstock producer to the commercial rancher to the feeder and the packer.

"Hereford Verified will help us ensure a core predictable supply of cattle that meet CHB specifications,"

says Art Wagner, National Beef Packing Co. VP cattle procurement. "Our goal is to develop supply and at the same time be able to get information back to the cow-calf producers that will help them improve Hereford-based animal performance and efficiency."

Today if you visit a feedlot, Hereford and baldie cattle are commingled or sprinkled into pens of non-qualifying CHB cattle. Wagner hopes the program will help improve this inefficiency and facilitate the feedback of information to the producer by reducing the number of pens with five head and having more full pens of CHB-eligible cattle.

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**"Hereford Verified is about more than product traceability. The program provides the market, information and premiums without the risk of owning cattle through harvest."**

**— Craig Huffhines, AHA executive vice president**

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### Program benefits

"Our hope is the program will help us recruit and retain producers and feeders to secure a dedicated supply of CHB," Williams says. "Our goal is for Hereford Verified to become the preferred marketing channel for

Hereford, red-baldie and black-baldie feeder cattle by providing a reliable, profitable marketing system."

Producers will receive a cash bonus for each calf successfully marketed through the program. Producers don't have to retain ownership, meet grade or yield criteria or pay enrollment fees.

"Verification of marketing traits allows the livestock industry to go beyond 'value-adding' and actually capture the true value associated with the cattle," says Cara Gerken of IMI Global, the company that developed the Hereford Verified Web site.

"When demanded by the customer, verification of marketing traits provides the extra assurance sought by the customer. Today, those traits are source and age. In the future, tenderness, animal handling or simply the consistency of product could be the customers' demands. Regardless of the traits or the customer demand, verified programs will be poised to respond," Gerken adds.

The program has two levels of involvement: Source and Age (yellow tag program) or Genetic, Source and Age (green tag program). Green tag program participants qualify for a \$2-3/head bonus, plus will receive carcass performance data and benchmarking and feedlot performance data and benchmarking. For a discounted price they have the option to receive individual animal carcass data. See Table 1 for specifics on the green tag program.

...Hereford Verified continued on page 10



# Hereford Verified FAQs

**Q. Who buys my enrolled calves?**

**A.** Five feedlots in Nebraska and Kansas have been designated to feed cattle for the Hereford Verified program. Producers who enroll in Hereford Verified will have direct access to these feeders to solicit buyers for their program-eligible cattle.

**Q. Is there a guarantee that a participating feedlot will buy my cattle?**

**A.** There are no guarantees. However, each participating feedlot has committed to a monthly quota of program cattle and will actively search Hereford Verified enrollments to find them. Your chances of getting a competitive bid on your calves depends heavily on your ability to assemble 50,000 lb. of same-sex cattle of uniform weight with at least 50% meeting CHB live-animal specifications. Less than lot loads (fewer than 50,000 lb.) are commonly overlooked because of the added transportation costs per head.

**Q. Can I sell my calves at auction?**

**A.** Producers can sell their calves to a Hereford Verified feedlot through any means they choose. However because data sharing is dependent upon the cooperation of a specific list of feeders, it's imperative that producers get one or more of those feeders to participate in the direct-contracting or open-bidding format of their choice.

**Q. What price will I get paid for my calves?**

**A.** Depending on quality, uniformity, flesh, weigh-up condition, health program, load lots of same-sexed cattle and historical information provided to the prospecting buyer, Hereford Verified feeder cattle are expected to be at local market price or above based on these criteria.

**Q. How does a feedlot qualify for the program?**

**A.** Currently, the participating feedlots are obligated to meet the demand quota. As the program grows, there will be additional feedlots added to the cooperating feedlot list. If a feedlot is not a present cooperating feedlot but has Hereford Verified tagged cattle, that feedlot may become a cooperator by first contacting National Beef and then meeting the specific data sharing requirements of Hereford Verified. Only those feedlots that share data can benefit from Hereford Verified.

**Q. Are there additional premiums if I retain ownership of my calves?**

**A.** Yes. See charts on page 11 that explain the feeder marketing agreement.

**Q. When will I receive my qualification bonus?**

**A.** Producers will receive data reports and bonus checks after all carcass and feedlot data is received from National Beef and the appropriate feedlot, respectively.

**Q. What if my calves are not sold to National Beef?**

**A.** Cattle not sold to National Beef will not garner feeder premiums or producer bonuses through Hereford Verified.

**Q. What type of RFID tags can I buy?**

**A.** Four tag options are available through the Hereford Verified Web site.

- Destron: tamper-proof RFID, full duplex tag — \$1.85/tag
- Allflex: tamper-proof RFID, full duplex tag — \$1.85/tag
- Destron: RFID/visual combo full duplex tags, with visual matching EID and number-sequenced — \$2.85/tag
- Allflex: RFID/visual combo half duplex tags, with visual matching EID and number-sequenced — \$3.25/tag

**Q. Will I receive individual carcass data tied to these tag numbers?**

**A.** Yes, if you purchase either the tag transfer data package or the detailed data package. See Table 3, page 11.

**Q. Can I match my cow records to my RFID tags?**

**A.** Producers are responsible for maintaining a cross-reference between the 15 digit EID number and their herd records. It is recommended that producers who seek individual carcass data purchase combo tags that will allow them to tie the 15 digit EID number to a pre-printed visual ID number.

**Q. What if I don't have Internet access?**

**A.** You can enroll your cattle by calling 1-866-HerfNet (437-3638). **HW**



... Hereford Verified continued from front cover

Yellow tag program participants provide the needed genetic, source and age info to qualify for direct marketing to CHB LLC preferred feeders; a qualification bonus of \$2-6/head; carcass performance data and benchmarking; feedlot performance data and benchmarking; and optional individual carcass data at a discounted rate. See Table 2.

**“For our operation the program is a blessing. We feed out some of our customers’ cattle each year. This program will give me a chance to offer something to my customers that they can’t get anywhere else.”**

**— Dale Venhuizen,  
Churchill Cattle Co.**

Producers and feeders have three choices regarding data collection and reporting. Table 3 explains the options and the costs associated. On a lot basis, producers will receive a benchmarking report with health cost, ADG, feed conversion and dressing percentage.

The program also includes benefits for feeders or producers who retain ownership through the finishing stage. If the cattle meet the requirements set within the program then the feeder (producer or feedlot) qualifies for a premium over the weekly cash of \$10-\$12/head. See Table 4.

National Beef has pre-established a grid structure to reward feeders. To be eligible for the bonuses and benchmarking data, program feeders must market their calves through National Beef.

North Platte Feeders has been feeding Hereford cattle since the beginning of the CHB program 10 years ago. “We like feeding Herefords and Hereford-influenced cattle; they eat and convert well,” says Turk Stovall of North Platte Feeders. “As a program participant we will have more access to Hereford breeders. Of all the programs we are involved with, Hereford Verified is the only one that economically rewards producers and the feeder for performance, quality and dedication.”

**How it works**

To participate in the program, cow-calf producers must assemble 50,000 lb. of same sex cattle, uniform weight cattle. See Figure 1.

Breeders who do not have a big enough group of cattle can commingle with other producers to reach the 50,000 lb. load minimum. “The program can help the small producer,” says Dale Venhuizen, Churchill Cattle Co. and former AHA president. “Tagging the cattle and taking the time to find others to group the cattle with will help small producers follow their cattle through the system. Their cattle will retain their identity and the producer can find out if their small herd is fitting the needs of the marketplace.”

To enroll in the program producers can visit [www.herefordverified.com](http://www.herefordverified.com) or if they do not have Internet access they can call 1-866-HerfNet. The online enrollment form includes questions regarding source, age and genetics as well as size, sex and preferred sale date. To be eligible for bonuses calves must have RFID tags.

“Seedstock producers are our marketing arms,” Williams says. “They are our communications link from CHB to Hereford Verified participants. For us to be able to help producers and their customers we need to know who they are, where they are located and how we can help them get involved in Hereford Verified.”

Once enrolled the information, including contact information and cattle description, will be distributed to all participating Hereford Verified feeders. Producers can also choose to

have the cattle automatically listed on the HerfNet Web site. HerfNet is a no-cost advertising tool for marketing feeder calves and commercial females. Producers can also contact partner feedlots to market their cattle directly.

CHB LLC and the AHA will serve as coordinators for the networking group, including enrolling producers in the program, gathering information and distributing RFID tags. Other responsibilities include validating program specifications, genetic

**“Hereford Verified is the most progressive and ambitious initiative the Hereford breed has undertaken in 10 years.”**

**— Rob Ames, CHB executive vice president**

source and management claims and benchmarking feedlot performance and carcass information. AHA and CHB LLC also will distribute qualification bonuses to participating producers.

#### Why RFID?

“RFID tags allow CHB LLC and its partners to gather and share data seamlessly and economically,” says Williams. The unique 15-digit number will be used to match feedlot and carcass performance data to producer enrollment data.

RFID tags are implanted with microchips — tiny, passive electronic devices inscribed and programmed to store a unique, permanent 10-15 digit alphanumeric code. When a RFID device scans an animal, the microchip sends its unique code back to the scanner to identify the animal.

Producers can use any RFID tag to identify enrolled cattle; however, only tags purchased through the Hereford Verified Web site may be used to identify yellow tag program calves, which are eligible for higher qualification bonuses. All RFID tag numbers must be on file with the Hereford Verified program.

When RFID-identified calves are received at a participating feedlot, producers will be sent an affidavit to sign, validating the source, age and genetics of the calves. Producers must sign the affidavit to receive qualification bonuses.

#### The future

AHA and CHB LLC are rolling out Hereford Verified this summer, telling Hereford breeders and commercial cattlemen about its benefits.

According to Wagner and Williams, their hope is within six months to be harvesting 2,000 Hereford Verified cattle per week. The program’s long-term goal is for all CHB® product to be 100% source, age and genetic verified by 2010.

An added benefit of the program is the data collection that can be correlated to current genetic selection tools available. “The data we acquire through the program may be compared to what the breed is currently doing with EPDs and indexes when correlated to the producer’s bull battery,” Williams says. “We will be able to sort cattle by economic benefit, which will increase the strength and power of our Hereford database. This in return will help our producers make management and genetic decisions, which will increase profitability.” **HW**

**Table 1: Green tag program — source and age documented**

	Pioneer Year 1	Veteran Year 2	Professional Year 3	Master Year 4+
Qualification Bonus	\$2/head	\$2/head	\$3/head	\$3/head
Carcass Benchmarking	YES	YES	YES	YES
Carcass Benchmarking	NO	YES	YES	YES
Feedlot Performance	YES	YES	YES	YES
Feedlot Benchmarking	NO	YES	YES	YES

**Table 2: Yellow tag program — genetic, source and age documented**

	Pioneer Year 1	Veteran Year 2	Professional Year 3	Master Year 4+
Qualification Bonus	\$2/head	\$3/head	\$4/head	\$6/head
Carcass Performance	YES	YES	YES	YES
Carcass Benchmarking	NO	YES	YES	YES
Feedlot Performance	YES	YES	YES	YES
Feedlot Benchmarking	NO	YES	YES	YES

**Table 3: Data collection options**

Group Summary Free	Tag Transfer \$2/head	Detailed Data \$4/head
Avg. hot carcass weight	Individual hot carcass weight	Individual marbling score
Percent Quality Grade	Individual Quality Grade	Individual ribeye area
Percent Yield Grade	Individual Yield Grade	Individual CVS* Yield Grade
Percent CHB qualified	Individual animal RFID	Individual CVS back fat
Dressing percentage	Group summary	Individual percent retail product
		Individual animal ID
		Group summary

\*Computer Visualization System (CVS)

\*Note: all prices are guaranteed through 2006

**Table 4: Feeder program specifications**

	Pioneer Year 1	Veteran Year 2	Professional Year 3	Master Year 4+
Percent Live Animal Qualifiers	90%	95%	95%	95%
Percent Choice Grading	60%	65%	65%	65%
Premium Over Weekly Cash Market	\$10/head	\$12/head	\$12/head	\$12/head
Performance Benchmarking	NO	YES	YES	YES

#### Figure 1: Program requirements

- Cattle must be identified by an RFID tag.
- Cattle must meet the live animal requirements for Certified Hereford Beef®.
- Cattle must have a predominately (51%) whiteface and exhibit white markings over the jaw, forehead and muzzle.
- White markings on any part of the hip, shoulder or side of the body such as spots, stripes or belts are not acceptable.
- Cattle offered for qualification other than solid red, solid black or roan with a predominately whiteface, such as yellow, gray, brown, brindle or smoke are ineligible.
- Only steers and heifers of English beef-type breeding — an animal expressing dairy or bos indicus type breeding is not acceptable.
- To qualify, cattle can be either horned or polled. Bulls, bullocks and cows are not acceptable.
- A signed affidavit of source and age should be on file with the participating feedlot feeding the cattle.
- Cattle are harvested at National Beef.
- Cattle can be traced via RFID from the producer to National Beef. **HW**