

Co-ops slip on supply

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Branded beef firms drop members as prices rise, retailers demand more effort

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Country Natural Beef, for the second year in a row, is struggling to fill its orders.

Stacy Davies, marketing director for the cooperative, said the branded beef co-op last year lost several members -- and their cattle -- and hasn't fully recovered.

Higher prices for all beef and some retailers' demands for additional third-party certifications are causing some members of Country Natural Beef and other branded-beef programs to rethink their commitment to the co-ops.

"The current prices are so high, ranchers don't need to look beyond the sale barn," Davies said. "That has made recruitment difficult."

Davies said the co-op needs an additional 6,000 head to meet its demand over the next 12 months, or 10 percent of its orders.

Davies said CNB isn't the only branded beef program struggling in the current market.

Michele Wells, of Wells Communications, which works with three branded beef programs, said that is true.

"Everyone is having a hard time meeting demand," she said.

On its website, Panorama Natural Grass-Fed Beef, one of the branded beef products she represents, is advertising for more organic grass-fed ranchers.

Several members left Country Natural Beef last year after it added a new requirement that producers be certified under Global Animal Partnership, designed to ensure animal welfare.

That came on top of requirements that members carry Graze Well certification, which ensures a commitment to healthy land; Food Alliance certification for sustainable production practices; and Raise Well certification, showing a commitment to animal care.

Davies said the co-op is considering adjusting some of the certification requirements and working with retailers to streamline their demands.

Different retailers demand different audits, which can run up certification costs for the co-op's ranchers, he said.

"We're going to try to get (the retailers) all on the same page," he said.

Country Natural Beef started in 1986 with 14 ranch families. The co-op today includes 75 full members and 15 prospective members, Davies said. At one time the co-op had more than 100 members.

Prospective members are ranch families that haven't met the co-op's certification requirements, but are working toward full membership, Davies said.

The price advantage for branded beef has decreased during the past year. According to industry reports, September cattle futures for nonbranded beef gained 18 percent in the past year.

Despite the loss of members, Davies said he believes the co-op will meet its orders over the next 12 months.

"I'm not in any kind of panic," Davies said. "We did have some shortages last year, but this year, we've done a better job of forecasting what the demand will be, and we are better prepared."

Davies said the co-op is able to find cattle that meet its specifications, but is paying "more than we would prefer" to keep retailers supplied.

The long-term solution involves recruiting new members, he said.

Members that join today, he said, are likely to stay with the cooperative, in that they aren't joining just for the price advantage.

Also, Davies said, ranchers still with the cooperative "are in for the long term."

CNB bases the price it pays ranchers on the cost of production, not on market conditions, Davies said.

Country Natural Beef has producers spread across the Western U.S., including Hawaii.

"We've been here 25 years," Davies said. "We're having some little struggles, but we're viewing this as an opportunity, rather than the other way around.

"I think we are going to be better than ever because we are working through some things that needed to be dealt with 10 years ago, but weren't. You can only put it off so long," he said.