

Bryan Schaaf:

Back here on the Meat Speak podcast, powered by the Certified Angus Beef brand. Bryan Schaaf here, coming to you from home quarantine, but with us on the line are two folks who have a really unique perspective. Most times, when we talk to folks on this podcast, of course, we're always talking about meat, we're always talking generally about beef, honestly. And these folks fill that vein as well, although they're not necessarily from the cooking background of things, although that is not to discredit their kitchen prowess by any means. But joining us on the line from, we'll say outside of Leavenworth, Kansas, is Ms. Kara Lee, and all the way from Chappell, Nebraska, which is actually that little notch stout portion of Nebraska where it looks like the puzzle creators fit Colorado in, is Mr. Paul Dykstra. Guys, how you doing?

Kara Lee:

I'm great, Bryan. How are you?

Bryan Schaaf:

I'm-

Paul Dykstra:

Great, Bryan.

Bryan Schaaf:

I'm caffeinated and ready to talk about some cattle. You both have a unique perspective because full disclosure, you do technically work for Certified Angus Beef, but both of you, in your own right, have cattle. Kara, can you tell us a little bit about your operation and what you guys do? I mean, what you guys raise, and what's all happening around you there in your Leavenworth, Kansas?

Kara Lee:

So we are positioned in the Glacial Hills portion of Kansas, so kind of east of the Flint Hills, just about an hour from Downtown Kansas City. On our small family operation, we are diversified with row crop production, and a commercial Angus cow-calf herd. We do a little bit of spring calving, primarily fall calving, which means that the greater part of our calf crop is actually getting ready to be weaned here. First weekend of May here this weekend, we'll get those fall calves up, wean those calves ourselves, and lots of farmers around us, everybody's getting ready for planting season, farm implements are running, everybody's still going to put a crop in the ground. COVID-19 doesn't put a stop on how the seasons change, doesn't put a stop on the fact that the crop still needs to go in.

Kara Lee:

That's just a little bit about us. We are not unique in our part of the world, and the fact that we are diversified. Obviously, I have a full-time job with Certified Angus Beef. My husband also has a part-time job as an agronomist. We would be smaller compared to a lot of farms in the area, where it's a full-time business for one or more of the adults within the family. So certainly, from a personal level, it's something, the things that are going on in the market, we feel it, but in my opinion, it just allows me to empathize with those at a little higher level who rely on that, to that farm or the cattle income for a full-time income.

Bryan Schaaf:

Paul, can you tell us about your operation?

Paul Dykstra:

Yeah, much like Kara, my day job here with Certified Angus Beef certainly keeps me occupied, and oftentimes, that's day and night, depending on what's going on. So that's the primary focus for me, but I have a lifelong addiction to cows, and that has driven me to own some cows. My kids own some cows, and we kind of fill in the edges around for me, work, and for my kids, school, and we fill in the edges with cows, and we enjoy that quite a bit. But given that the work schedule does require quite a bit of time, we partner with a couple of friends, one rancher and one farmer, to take care of our cows at least part of the time, if not year-round, so that we can be free to do the other things that we need. But we do have a cow calf-operation, and it's relatively small, but we are in the commercial cattle business that way, and it provides me the link to the heritage of our family, and the way of life that we love. So that's what kind of keeps us entertained.

Bryan Schaaf:

So as all of this stuff is going on with the virus that has shut a lot of things down, and we've had a lot of discussions about restaurants, and food service distributors, and a lot of the struggles that they're seeing. We haven't had much of a discussion on what's happening in all the way back on the ranch, and both of you can speak really, really well to that. Probably a topic that that should be talked about a little more. Kara, I'll throw to you first. I mean, can you just give us a sense of what is the mindset of farmers and ranchers who are raising a lot of these cattle that eventually get to those end users?

Kara Lee:

Bryan, the agriculture community is not unique in terms of how they've been impacted by the far-reaching effects of the COVID-19 crisis we're in. I don't know if it's ironic or whatnot, but as I listen to some of the challenges and the creative ways that many of our food service partners have come together, come up with creative ways to stay in business, there's a lot of ingenuity there that we see on the cattle producer side of things as well. Whether it's from my personal experience, or folks who farm or ranch on a much, much larger scale than we do ourselves, it's serious. It's a very sincere time of concern. Much like any community you go to across the globe today, there's uncertainty about what tomorrow's going to bring, but when I say uncertainty, it doesn't mean it's the absolute end of the line. We have adversity, we try to let that adversity breed creativity, whether that's thinking about different ways that we manage cattle, market cattle. There's a lot of uncertainty going on, but we're going to come out of it on the other side at some point.

Bryan Schaaf:

Paul, when it comes to one of the buzz words, of course, for the last month and a half, has been the idea of social distancing, which in Western Nebraska, maybe that's not as difficult, but there are still folks out your way raising animals, working farms, things like that. What are some of the things that you guys have kind of had to adjust with what you guys are doing on the ranch to, I guess account, to make sure that everybody's kind of singing from the same song book in all this?

Paul Dykstra:

Well yeah, from a social distancing and taking care of our health at the ranch level, folks are, as you said, positioned such in terms of geography, much at a time that it's not a problem. As a matter of fact, the

main concern for many at the cow-calf level of the beef production system, would be how do we socialize, rather than how do we not do so. So looking for opportunities to socialize would be the norm in conditions, outside of this COVID-19 induced environment. So it's not been a big trouble spot for producers to maintain distance, normally just not enough place where we're coming into contact with a lot of people at the ranch level.

Paul Dykstra:

One thing that is kind [inaudible 00:07:58] right now, either particularly in my region and other regions of the West and North of the States right now, would be the fact that it's time to work calves, it's time to brand and vaccinate, and do those seasonal things that are very much upon us, and have been going on right now. And typically, that would require a group of neighbors and friends to get together to provide enough labor, to manage all the tasks that are affiliated with working those large groups of calves on one day. And so, many folks have cut back the number of people in that operation to do so, cutting back on certainly, the elderly and the very young being present for that, and really, just so to speak, getting by with what would be otherwise a skeleton crew, to make sure that we aren't gathering up with too many people in that setting.

Bryan Schaaf:

If you read a lot of the headlines, and there seems to be a lot of discussion going on about meat supplies, and beef gets thrown into that a lot. As you see certain packing plants, whether it's pork, whether it's chicken, whether it's beef, beginning to get hit by the coronavirus, the COVID-19 virus, and having to momentarily shut things down. Can you talk to us about what you guys are seeing on your end as the ones who, if the plants aren't running, I mean, where are the cattle going?

Paul Dykstra:

Well, there's been a fair amount of coverage for sure on this topic, and unfortunately, some of it's a little bit misinformation, but we certainly do have a pretty significant bottleneck right now at the processing level, where we can't move the number of cattle through the packing plants that we normally would expect. And the supply of cattle in feed yards has been built to achieve a certain throughput that we're not able to achieve today, because plain and simple, the personnel that work in those packing plants are either unable, or for some other reason, are not coming to work to the extent that they normally would. And it's a personnel staffing issue, and there are many, many facets to that, but the reality is, we just don't have enough warm bodies in those plants to take care of the many, many tasks that are required.

Paul Dykstra:

So the cattle supply piece of that, Bryan, is that they haven't gone away. The cattle are in the system, in the pipeline, so to speak, and so we have what is upon us now, a little bit of a backup, which is kind of the piece that's concerning in terms of supply chain management right now. We have cattle in feed yards that have their optimal finish dates either looming or already past. And so, everyone in the system is very hopeful that we can get through this in the next handful of weeks. Of course, we don't know for certain what that timeline really is, but we do know that the firms, the processing plants, we know that their goal is to be back fully functional as soon as possible, but I think we can all understand the complexity of making that happen. So that's where we are today, and we're just trying to manage things as they are, and we just need more throughput as soon as we can get it.

Bryan Schaaf:

One of the headlines that we have been seeing, and I say this coming to you from Northeast Ohio, but a lot of our listeners and around the country, and really, all over the world, you read headlines, you see all of these meat processing plants, packing plants going offline because of workers contracting COVID-19, and you mentioned there's a bit of a bottleneck at the packers already. And as you look at what's happening in things with other proteins, I guess what is happening in the beef industry, when you see other proteins needing to cull some of their animals, is that something that you would ever see in the beef world, and I guess if not, I guess, where are those cattle going?

Kara Lee:

Well, we do have that logistic bottleneck, in terms of getting those cattle through the packing facilities the timeline we're typically used to, but the good news is, is those cattle aren't going anywhere. An inability to harvest those cattle on their originally scheduled date is not a death sentence to euthanize market-ready cattle. That's not happening. We don't have ranchers who are euthanizing their mature calves to prevent having fewer calves to come through the cycle. The beauty of the life cycle of beef cattle is that we do have the advantage of having a longer time to be able to hold those animals over.

Kara Lee:

You asked where they're going, they're staying right where they are. If I'm a professional cattle feeder caring for a group of cattle that the packing facility can't take, they're going to stay right there in my feed yard, under the professional care of our nutritionists, of veterinarians. We may make some changes in the feed ration or the diet of those cattle, to maybe try to slow things down a little bit, in terms of their percent protein, and caloric intake, and whatnot, but they're just going to stay in a hotel for a little bit longer, essentially.

Bryan Schaaf:

As you look around, and if you only follow headlines that you read, I mean, there's a lot of negativity, there's a lot of doom and gloom, there's a lot of people in really difficult positions, not just chefs and restaurateurs, and food service folks. But obviously, all the way back to the ranch, is being impacted by all this. But I mean, you both still get up. I mean, you still go out, you take care of your cattle, you're still motivated to do what you do instinctively. And when you look at that and everything that's going on, I guess, what is that that keeps you motivated? What are the bright spots that you get to see every day that encourage you to keep pushing on?

Paul Dykstra:

Well, this time of year, for a lot of people, it's pretty easy to be motivated by baby calves. Seeing those babies out there is a motivator, because frankly, the love of the livestock is a big part of the lifestyle. So, it's at least somewhat uplifting to go out and see this year's crop, if you will, and be hopeful for what that represents, whether it be the heifer calves that will be your mature cows in a couple of years, or whether it be the feeder calves, the steers that will be sold. There's always hope in that, and that's just agriculture. It's a hopeful business, and you can't really be in it if you don't have kind of that instinctual hope, because it can be very disappointing and it can be very sad at times, and let's not candy coat it and say that some ranchers and farmers will not go out of business due to the challenges that they're facing today, because that's real.

Paul Dykstra:

But it's also very individualized, and every scenario is a little bit different than the next. But we do know that we're in the food business, and that's very motivating, that we have not only a very important protein source that people want, but we actually have the preferred protein amongst our competitors here, in the largest categories that we've produced here the United States, with beef, and trying to produce something like the Certified Angus Beef brand represents a goal to produce a product that is the utmost in desirable foods for people when they go out to eat.

Paul Dykstra:

So that may sound a little hokey, but it is a business of traditionalism and everlasting hope, and as long as you can hang on through a bad storm or a bad season, if you will, then we believe normally, we'll come out to better circumstances on the other side, and that's what so many producers, and not just beef producers, but agrarians across the globe, that's the kind of hope that they have. And you got to get out of bed and take care of the chores, and if you don't have some hope, you better find something else to do.

Kara Lee:

Paul, you're absolutely right. People don't get into the ranching or farming business for three years or for five years, it's a longterm deal. Even if you are a first generation rancher, this is a business you get into for the long haul, and you know that there are going to be times when it's lower than it is higher, whether that's prices, expenses, whatnot, you're going to ride out some bad times. The hope is that you have more good times than you do bad time, and try to have a little bit of long term optimism.

Kara Lee:

The other thing that, the thing about trying to keep your spirits up, anyone who's in professional cattle care, whether you're a rancher or a cattle feeder, the goal is to make sure that the cattle never have a bad day. Everything you do from a management, nutrition, health perspective is to make sure that you take care of the cattle, that they don't have a bad day. None of my cattle out there in the pasture have any idea that COVID-19 is going on. They don't know what the markets are doing, what the stock markets... They don't have any idea. It doesn't matter to them. And so, the fact that there's this gray thundercloud going on around us, it doesn't change the fact that we want to make sure they don't have a bad day. So that's something they've said that you try and keep in the back of your mind.

Kara Lee:

It's like anything else, find a good mentor in this business. Every good rancher or farmer I know has had a good mentor at some point, whether that was a parent, a business partner, a professor from an animal science class. And sometimes it's just healthy even for your own mental health and do a self-check with a mentor who's in this business, because it's really easy to find someone else to complain with, but when you find somebody else that can bring a little bit of optimism to your negative day, and hopefully you can pass that on to someone else down the line, I think that's good for everybody right now, no matter what occupation or line of work you're in.

Bryan Schaaf:

One of the words that I've that I've heard brought up, especially in the food service distribution industry that's going on, these are guys who've made their living running trucks all over cities, selling directly to restaurants overnight. A lot of those restaurants were either shut down, or had to severely limit a lot of their business, because of being held to takeout restrictions, and things like that. The word pivot, we've

heard from a lot of businesses in terms of how they've been able to pivot. We've seen a lot of examples in terms of how they've been able to quickly change their business model in order to, I guess navigate what's going on here. Any examples of how you guys have had to kind of shift business models to manage things?

Kara Lee:

I think cattle producers are probably, they're probably more experienced in pivoting and making spot adjustments to their business than many other people, because this is not the first market disruption they've endured. Whether that's a drought, a blizzard, whether if you decide to graze cattle for a little bit longer here or there, depending on what annual rainfall has been, the idea of pivoting or flexibility, if you will, is not a foreign concept. I think the way folks are considering some of their cattle marketing, may be a way that they decide to pivot here or there. We already talked a little bit about adjusting nutrition, in terms of how long those cattle are on feed before they go to harvest, is another way that we've seen adjustment. Paul, I don't know, what are some of the examples you guys are seeing in your neck of the woods?

Paul Dykstra:

Well, I think the primary example is that folks that own cattle that are looking to merchandise those cattle, typically during this time of the year, if it's possible, that is being delayed because the price, whether it be fed cattle, or feeder calves, or breeding animals, the price is not particularly good right now, and that would be saying it lightly. So if there's an opportunity to delay marketing, that is certainly happening. And of course, those finished cattle and the feed yards that we talk about in terms of those are the animals that are ready to be harvested, and that is part of the bottleneck issue, that's more challenging, but they will also be delayed, because the system is essentially forcing that today.

Paul Dykstra:

But lots of different ages of cattle are out in the country, and fortunately, for a lot of ranchers and backgrounders, they can make a decision that we're going to own those animals longer, and hopefully, in a number of months here, the price will be better because we will have a shift in the economics of the cattle business. So that's the biggest pivot, and oftentimes, that involves finding somewhere for cattle to reside, that is different than what we typically do in our own operations. We may have to look outside to find some pasture or some other feed source to make that happen.

Bryan Schaaf:

Excellent. So in the words of the great Kenny Rogers, "Know when to hold them," right?

Paul Dykstra:

Yeah, exactly. That's right.

Bryan Schaaf:

Of course, in addition to their exploits on their ranches respectively in Kansas and Nebraska, you both have full-time jobs with Certified Angus Beef. Tell us... And Paul, we'll go ahead and start with you, just so we don't step on each other in the audio. Paul, tell us about what your role is for Certified Angus Beef.

Paul Dykstra:

Well, we got the unique opportunity for our company and our brand to represent the supply side. So all of what we do, I shouldn't say all, because we do our work across the different sectors of the beef supply chain, but our primary role is in supply development, and it's a unique spot to be in, given the fact that our brand doesn't ever own any beef, nor do we ever own any cattle. So to develop a supply and a scenario where you don't know the product, is kind of a challenging concept. But fortunately, the supply chain does reward producers of cattle that meet our brand standards, so it's our job to make certain that that economic message is shared throughout the chain, in terms of awareness that producers all the way back to the cow-calf level, from the packing plant back, all the way to the source, that producers are engaging in that reward process and understand how they can achieve that.

Paul Dykstra:

And so, I think that encapsulates a lot of our job. Now, what does that mean from a day-to-day basis? It's very seasonal, depending on what's going on. Any state, USA, really. But I interact with producers on a one-on-one basis, also speaking at several different engagements or seminars throughout the year, attend some bull sales, and certainly try to visit a number of cattle feeding operations strategically throughout the year. As well, I report on market conditions for our staff on a weekly basis, and do some writing with the publication that we put out every two weeks, The CAB Insider, which is market-based info and some insights into the things that make our brand tick. That also crosses over into several things that that Kara does, but maybe she can share some of those with us as well.

Kara Lee:

Yeah. To Paul's point on the developing more supply for the brand, we know that not all Angus cattle are good enough to meet our brand standards. And so, when I think about what we do, everything we do goes back to helping those farmers and ranchers try to let more of their cattle meet our brand standards, and not because we're lowering our standards, but because we're helping with the educational process, in terms of what we can do on a management and cattle rearing decisions, to meet more of those standards. So whether that's the one-on-one meetings, the seminars, we're really engaged in a lot of relationship building. Just like every other business, it's the people business, and the better relationships we can build with some of those cattle industry influencers, the more impact we can have on raising a better supply of more high quality beef, as we build that consumer demand on the other side of the company.

Kara Lee:

I also spend a good chunk of my time being a bit of a bridge, if you will, from the supply side of things on cattle production to our end users, whether that's retail, or food service. We realize that there's a very small percentage of our population today who are involved in any kind of hands-on cattle production. We're all multiple generations removed from growing up on a farm or ranch today, and a good chunk of our licensee population folks who are ultimately responsible for selling the Certified Angus Beef brand, very few of them have a great understanding about what goes into high quality beef production, before it winds up in a box at the back of their warehouse, or in a box in their cooler.

Kara Lee:

And one of the number one requests we get as a brand today, is from many of our licensees, be it chefs, or food service distributors, they want the opportunity to get some more face time with ranchers. They want to get to know the folks who are behind high quality cattle production. And so, I have the opportunity to help facilitate a lot of different tours, some one-on-one encounters where we want to be

able to introduce some of our chefs, or our distributors, or our retailers to the folks who are truly the owners of the brand. The Certified Angus Beef brand is owned by the American Angus Association, and those are the ranchers that Paul and I work with, is as a portion of our audience, and it's really fun to have the opportunity to introduce them to the folks who are ultimately responsible for driving demand for their cattle, by selling high quality cuts of beef.

Bryan Schaaf:

Kara, we've established the fact that you're in Kansas, I almost said Canada, but farming is something that farming, ranching, I guess, if you're west of the Mississippi, right, is something that is, a lot of times, it's a family business. A lot of times it's a multigenerational family business. You're not originally from Kansas, but you grew up in the industry, right?

Kara Lee:

Yeah. I'm a transplant a few times over, a gypsy, if you will. I grew up in Southern Indiana, where I was the third generation on our family farm there. Actually, one of my favorite pictures here in my office is a picture of a beef carcass that has the Certified Angus Beef roll, and the USDA Prime roll, both at the side of it, from an animal that my dad and my father. Raised back in the early '80s, they were selling finished cattle into the Certified Angus Beef brand in the early days of the brand. And so, working for Certified Angus Beef today, it feels kind of like an extension of the family business for me. I grew up on a diversified farm, we had Angus cattle, we had row crops. Today, my dad and my sister still run that same farm today.

Kara Lee:

When I moved to Kansas, it was a transplant of marriage, if you will. My husband, he's a farmer here. We live about three miles from where he grew up, and you don't pick that up and move it anywhere in the country, so we are here close to his home place today. Yes, we're west of the Mississippi, we still call ourselves a farm because we're pretty well diversified, 50/50 between the crops and the cattle, but it's a heritage that you take with you, whether you're on the same family business where you grew up, or in someone else's. It's just something that we're proud of, and something that we hope to grow and continue for future generations.

Bryan Schaaf:

Paul?

Paul Dykstra:

Yeah, I'm a third generation agriculturalist here. My dad moved to Colorado from Iowa when he was a young married man, and he wanted to be a cowboy, and that was specifically the reason he moved. He was from a farming background, and he was more interested in beef cattle and in a cowboy lifestyle. So he achieved that early in his life, and I'm pretty happy that he did, because it's been something that's appealed to me greatly as well. And so, it was always horses and cattle for me since I was a little buckaroo, and the course of my life professionally, has taken me on a little different path than what I would've thought maybe when I was a young lad, but always keeping a foot in agriculture and specifically, in the cattle business, has been important to me, and fortunately, I've been able to work for a very great company here with Certified Angus Beef, and also continue to pursue, both day and night, my passion for cattle, whether it be through employment or my own personal endeavors.



Paul Dykstra:

So I did spend some time in the feed yard business briefly after college. I was feedlot manager at the US Meat Animal Research Center as well. So that was one step in my brief professional story, since most of my working years have been here at Certified Angus Beef. But yeah, always a big fan of cattle and the cowboy lifestyle, even though not every day requires those skills of me. It's certainly where my passion and my love lies.

Bryan Schaaf:

Can you rope a calf?

Paul Dykstra:

I can. I can also miss one. I need a couple of tries, depending on the day.

Bryan Schaaf:

I was in Fort Worth, and I desperately wanted to ride my first mechanical bull because I'm from Ohio, and it turns out the place we went didn't have a mechanical bull. They had a real bull, and I politely declined that offer. So yeah.

Paul Dykstra:

[inaudible 00:32:04] Good move there, Bryan.

Bryan Schaaf:

My chiropractor thanked me as well, so. That said, guys, that is about all the time we have today. If this is your first time listening to the Meat Speak podcast, know that you can catch us across all of your major podcasting platforms, Google Play, Spotify, and Apple, or simply by searching [certifiedangusbeef.com/podcast](https://certifiedangusbeef.com/podcast).

Bryan Schaaf:

One more time, Mr. Paul Dykstra from Chappell, Nebraska, Ms. Kara Lee from Leavenworth, Kansas. Guys, thank you, thank you, thank you for taking time out of your busy day, and I mean busy, because you're working a full-time job, and running farms and ranches. So guys, I wish you the best, and certainly hope that you and your entire communities come out of this really, really well. So thank you guys again for taking the time.