

Bryan Schaaf:

Like on the Meat Speak Podcast powered by the Certified Angus Beef brand Season 3 is upon us. Bryan Schaaf, Chef Tony Biggs here. How you doing sir?

Tony Biggs:

Good morning Bryan. How are you my friends?

Bryan Schaaf:

I am good. I'm really excited about this today because we are going to talk about one of those, it's the elephant in the room. When it comes to beef especially, we're talking about beef pricing and beef markets and why they're your thinking. And chef, you have run a lot of different properties-

Tony Biggs:

Yes.

Bryan Schaaf:

... on different countries. When you hear the term beef prices, what's the first thought that goes through your brain?

Tony Biggs:

Well, beef prices it's not saving sugar packets, it's more about saving my life in food cost. Because the chef lives in dies monthly, yearly by his food costs. Today's chefs are more businessmen than actual cooks or chefs. But in my case back in the '80s and '90s when I finished beating up my salesmen over high meat prices, I learned some grave lessons and that's called stockpiling at certain times. I used to stock pile my meat starting the end of August, the beginning of September because in December I knew what was coming at me especially with ribs, strips and filets. Those prices were going to go through the roof and like Barbecue season 2 by July. June, July, August, those when they spike as well.

Tony Biggs:

I learned how to stockpile and I know that your chefs are cringing back there because you're going to say, well Tony, my food cost is going to be 80% in September and maybe October, if I stockpile all this beef and also I need space for that. But I can say to you chefs, well okay, but your December food costs and your January food costs are going to go way down because of what you did back in September and August. I stockpiled and then I ran a 25% food cost in January and December.

Bryan Schaaf:

And you look like a hero.

Tony Biggs:

I'm a hero, right?

Bryan Schaaf:

Right. And we've got rid of on the menu. [crosstalk 00:02:32] So, it is a weird dichotomy and it is probably the biggest issue that meat sales people get beat up more than anything else. And in the spirit of a post [Alex Trebek 00:02:47] jeopardy with our own Diana Clark being on her maternity leave.

Tony Biggs:

We miss her, don't we?

Bryan Schaaf:

So she'll be back soon. But we're taking this opportunity bring in a number of experts. Of course we invite you to go check out another podcast that we are launching at the same time as this, with our panel Dr. Phil Bass, the original gangster meat scientist at Certified Angus Beef to talk about tenderness. But we've gone ahead and reached internally here to bring a guest who can really explain the how and the why beef markets and beef pricing land where they do. Believe it or not, it's not necessarily because the guy selling it to you is making a killer margin. Generally there's a lot more at play than that.

Bryan Schaaf:

That said, let's go ahead and get into it. Our guest today is not from Muskogee but he's darn proud to be an Okie. As director of packing at certified Angus Beef, he continually keeps one foot firmly planted in beef production, making his mark on the industry by doing his best to apply some rhyme and reason to the fluctuation of beef prices and availability. He's also the communications liaison to USDA and works to establish and implement new approaches in beef grading and product selection. Please welcome to the podcast, the pride of Oklahoma State University [Cal Pokes 00:04:07], Clint Walenciak. How you doing sir?

Clint Walenciak:

Hey, good morning. I appreciate that intro.

Bryan Schaaf:

Well, okay. I got to ask because you're from down there. You're a Poke, right? Is there a hand signal, a hand gesture associated with Cal Pokes or is that just a Texas thing?

Clint Walenciak:

No, no, no, no. It's definitely guns up.

Bryan Schaaf:

Guns up.

Clint Walenciak:

Guns up.

Bryan Schaaf:

Guns up [crosstalk 00:04:27]. Guns up.

Clint Walenciak:

First game this season come this Saturday. So looking forward to it.

Bryan Schaaf:

Bam. Right. I looked it up but I was a little confused with whatever the hand signal is for Texas Tech seemed similar. I was like, I don't want to offend. So at that point, I just want to bow out and realized, I'll just wallow in my own ignorance-

Clint Walenciak:

Yeah. You really have to study them, but they're very different.

Bryan Schaaf:

That's good to know. Good to know. All right Clint, one of the things and I'm super excited that you can join us here because Clint is one of those people that when Clint speaks, especially to a room full of chefs and food personalities, people take notice. Because Clint has spent a career examining beef production in the industry and examining the seasonality of things. Clint, can you talk to us right now at least starting at a 10,000 foot view before going into anything that's happened over the past 24 months with COVID in those markets? Talk to us about the seasonality that is associated with a typical beef market.

Clint Walenciak:

Yeah. We'll I mean like anything else when we think about a 52 week or a 12 month cycle, lots of different drivers that come into play, but the beef market and beef production in general is definitely a subject to that seasonality. Starting all the way back at the ranch level with the cow calf producers that are working hard to get things going all the way through the final box production and so forth. Those seasonal those seasonal aspects really carry through with quite a bit of significance.

Clint Walenciak:

And so as we sit here in the fall, it's a time as chef Tony mentioned there's some of those items ribs and tenders in particular that everybody is looking at and trying to develop a game plan for if they haven't already working with their suppliers and things like that. And so there's a lot to manage with that seasonality. And that's even before we start to layer in some of the more recent activities here, the last 12 to 18 months COVID related challenges and things like that.

Bryan Schaaf:

If you could talk to us about what's actually happening at the production of what the farm level, that is the reason for that. Are there calving season things as simple as that play into all this, right?

Clint Walenciak:

Yeah. Without a doubt. So if we think about I'm going to speak in very general terms but you a lot of a lot of ranches are set up so that their calf production is in call it winter or early spring calving. And so that is one of the key components that really set the stage. When you think that as much as maybe 60 to 65% of our total calf crop could be born in a three to four month period, they're on the early part of the year. And so again, that really sets the stage for that 12 month cycle really year after year.

Bryan Schaaf:

Excellent. So let's talk about snapshot in time. Right now, it's early October, late September I don't know when officially we're actually, I should probably know what time we're launching this podcast, right it's-

Clint Walenciak:

Around Halloween.

Bryan Schaaf:

I'm just saying. That said if you were one of those end-users right. Consumer chef, what are you doing right now to mitigate what you know is coming?

Clint Walenciak:

Well, I think a couple of different things chef Tony touched on one putting product back, whether you're doing that yourself as a chef or an operator or you're working with your suppliers to help do that for you. And I think kind of to the point you made as well of we really, really need to approach this with as a partnership, as opposed to maybe more of an adversarial relationship with our suppliers and just communicating them once we understand what's going on what they're dealing with and so forth.

Clint Walenciak:

But also communicating your needs so that if they can understand what you're facing in your operation and so forth and what your goals and intentions are. Can they make some adjustments on their end just to help better prepare for that, whether that's next week or next month or two or three months down the road. And so I think really just the more communication, the better. Obviously the Margaret's going to throw up plenty of challenges and some different unforeseen things that everybody's going to have to deal with. So the best laid plans maybe don't always work out but yeah. I think as long as we're able to maintain that flexibility and communication should have nothing but positive results, even if there are challenges to still overcome.

Bryan Schaaf:

Excellent. Tony, how about from your perspective as somebody who has worked hand in hand with distributors on especially on an end user level, what can they do for you? What can they do to make this less stressful and more profitable?

Tony Biggs:

Clint brought up a good point and I remember doing this I just forgot to mention it. But a lot of challenges for the chefs and operators is space, how do you stockpile when you have a small walk-in cooler or freezer? And I remember several on several occasions, I would work with my distributor and purchase the product in August or September and they would hold onto it for me because we had that relationship but as Clint mentioned, it's very imperative to have the great communication and a relationship with your purveyors and distributors. And they know what you're going through because everybody on the block is going through the same thing. It's just, I guess if you have that that cash flow where you're able to purchase when you can and stockpile it, that's probably the real challenge.

Bryan Schaaf:

You mentioned freezing beef and we're going to do a little shameless self plug. If you can go back to season 2 of the Meat Speak Podcast. There's an episode all about freezing and it's actually a pretty in

depth conversation with Diana about what actually happens during the freezing process. And honestly, if all is handled well the end result is going to be the same and as long as you take care of it, so-

Tony Biggs:

I never had a problem with it. I'm really, honestly, I don't keep it in a freezer for two years or 10 years so it's dry frozen, not dry aged. Okay. But if you take it out when you're supposed to and use it up when you're supposed to, you should have no problems.

Bryan Schaaf:

Excellent. Clint you get to work throughout the chain and all this. And obviously over the past, well I really I say for the past 100 but years specifically the past 24 months. With COVID with market fluctuations and stuff like that beef prices, if you can throw out that two month window when the packers were having issues, just keeping the chains moving. I think briskets became \$12 a pound for a little while. Beef prices are still going up though. And so when you look at that, as somebody who gets to touch every element of that chain beef prices are going up, who's making the money here?

Clint Walenciak:

That it seems to be the question of the day, for sure. Well ideally, hopefully everybody along the chain is facing some dynamics that allow them to keep a positive margin plugged in there. But when we look at the last year in particular my gosh, there's just so many different dynamics. And I think that's one of the things that it's really important to keep in mind when we think about the beef supply chain and the market and so forth is, you really have to have two thought process and one being the short-term, whether that be today, next week, next month. And then one being the longer term of assuming we all want to be in business a year or two years from now, what are just kind of the tone that we need to be mentally prepared for.

Clint Walenciak:

And that would be spot on with just the beef market as a whole. And so to your point, COVID definitely threw a lot of curve balls whether that be early in the pandemic with packing plants, facing those labor issues and shutting down possibly for as much as two weeks. If you think about that one of these major, major plants that for sure, certified Angus Beef would access product from, they may represent as much as seven or 8% of all fed beef production in the country.

Clint Walenciak:

And so when you take a couple of those offline for those extended periods of time definitely create some kinks to have to work out. And so it's been interesting dynamics just here in the domestic market and how COVID has impacted that. Obviously a lot of restaurants across the country, depending on what market you were in were shut down for a period of time, or had extremely limited business because of the rules that were put in place. But retail really picked up the balance of that, it seemed like.

Clint Walenciak:

And so it was interesting to see how, even though people couldn't go out and dine in public they were still choosing high quality products and bringing those home and putting on their own chef hat potentially, and seeing how that worked out. So even though we've worked through some of that, and

that's been really the last six months, let's say of food service recovering as these markets have opened up. And the retail business they didn't want to just let that business go away.

Clint Walenciak:

So they're still going to try to be competitive and beef's contribution to those stores, profitability, their gross dollars and all those things. And so retail was really trying to hang onto that market share as food service distributors and restaurant tours were trying to replenish inventories. And so it was just a tremendous snowball effect here over the last, especially the last six months. Now that we've moved through that we still see some inventory replenishment taking place.

Clint Walenciak:

And to be honest with you, one of the major things here and now in recent weeks has been labor and more specifically labor at the packing plant level. And I know that's a common theme. I'm sure everybody's tired of hearing about labor because it doesn't matter if it's auto manufacturing restaurant business even the beef business really, it seems like every segment of our lives these days everybody's challenged with labor. And so that's one of the things that from a beef processing standpoint, one or two percentage points make a big difference.

Clint Walenciak:

If for instance those plants need to run on a Saturday to maintain that production level that the industry or demand is suggesting they need to, they can only run so many Saturdays in a row before the team members get a little bit restless. The leverage is definitely on the side of labor that if they work Saturday, that's fine but I may or may not roll into work on Monday and that's been a really common theme. And so the ability to maintain the production levels that not just the United States but really globally right now, we're seeing has been a big challenge. Then I think that's just talking about the supply side that's not even getting into those demand dynamics that we're seeing across the country and globally as well.

Bryan Schaaf:

How about from a strictly menu pricing standpoint? It seems like with all the different dynamics, it seems like we're at a point where costs of everything have gone up. And certainly that seems to be reflected on the menu. A lot of chefs I've spoken with and Tony please correct me if I'm wrong. It seems like the consumer is generally willing to at least bridge that gap, to pay a little more for this experience. I don't know if it means that they were just missed dining out that much, but I feel a lot of calls especially I've heard bone in tenderloins coming in, \$55 coming in the door.

Tony Biggs:

Can you believe that? Can you believe that?

Bryan Schaaf:

It's amazing. Oh, it's mind blowing. But I guess, are there other ways to fix that on your menu other than just raising the price? Although I will say it seems like most people aren't batting an eye on it.

Tony Biggs:

In some markets you're absolutely correct. A couple of weeks ago I was talking to a peer and a \$50 a pound for tender loins. Are you selling it? I asked him because absolutely we're busy and I'm going okay, what are you selling that for? If you're selling it as a distributor, What does that person on the other side charging for an eight ounce filet, it's got to be enormous.

Tony Biggs:

But I think the big thing that we have to touch on is secondary cuts of beef that we at Certified Angus Beef educate folks who come to our culinary center. There's no reason why you can't use a certain wing flap which is inexpensive, I'm just not going to say inexpensive but it's going to be in your margin of you profit, you have skirt steaks. I think what's happening now is more chefs are coming to us being educated. They want to know about the secondary cuts of beef that are out there in the market so they can be more creative.

Tony Biggs:

We educate and teach creativity in these different cuts. I've seen a lot of restaurant tours and operations cut down their menus. Okay. They've cut down their menus to instead of a book reading a novel to 10 or 20 different items because of the labor shortage and all that. I've also seen pre-cut steaks. Now I was told and taught at a very young age. Every time you take a knife to a piece of meat that's money. So a pre-cut steak is going to be more expensive but you're going to have eight ounces of beef. And because of your labor it's an offset, your labor and food cost. You're always worried about that food cost chefs but your labor costs as well. So you have no labor, pre-cut steaks are what a lot of folks are doing now.

Bryan Schaaf:

It's 100% edible at that point, right-

Tony Biggs:

Correct.

Bryan Schaaf:

Although I will argue that every stake is 100% edible, if you're committed. All right Clint. You touched on it already. You talked about the three to six month window but then there's also that longer view approach to it. And we talk about production, what's happening on the farm, what's happening on the ranch? We get a lot of calls I think sometimes it can be called a supply issue, mainly it seems to be, we're just struggling to find what we know is out there in terms of production. But what's going on with the capital markets moving forward? Are there more cattle coming into the herd as we look forward, because it's a two year process from the time that you have a cow or an animal that's pregnant to having a calf on the ground calf going to market, right?

Clint Walenciak:

Yeah. Without a doubt. It's a long-term game. It's a big ship to try to change direction on when you think about the entire industry. But in general, I mean think about as supplies increase whether it be cattle or any other products that supplies increase, likely the price is going to come down. Profitability is going to come down competition intensifies for those dollars that may be available for that item. And so that's what we've seen here through 2000 14, 15, 16, maybe even into 17, we saw cattle numbers increasing

at the ranch. It was profitable. And so it made sense to go ahead and have a few more cows out in the pasture.

Clint Walenciak:

And the rest of the supply chain further down river has been able to benefit from that. Increasing supplies has been meant in general again, thinking longer term reduce those price points and so forth. But at some point that a tide begins to shift. And so probably late 2018, maybe even into 2019 that profitability equation wasn't as attractive as what it had been for the years prior to that. And so we started to see some reduction in the cow numbers back at the ranch level.

Clint Walenciak:

That is continued on through three even 2021, especially now when you layer in not just the normal economics or market dynamics that would drive something like that fundamental supply and demand. But now we have some weather components that start to come into play specifically when we go through the Dakotas and on West, through the Pacific Northwest and so forth. And there's a significant number of cows and ranching operations in that part of the country. And so that just amplifies that reduction in count numbers.

Clint Walenciak:

And to your point too, these nothing that is really going to affect anything today or tomorrow, as far as B supplies and so forth. That's something that has already started and will play out over the course of years. And so we think about the beef industry on a really a 10 year cycle where we increased supply for about five years and then we top out and then we decrease supply for about five years.

Clint Walenciak:

We're in the process probably the third or fourth year of decreasing those numbers. And so that'll play out from today all the way out, probably till 2033 and likely 2030, oh excuse me 2023, 2024 is probably the long-term game we're looking at of steadily declining supplies. And I know that it sounds alarming and I don't mean it to be so because again, it is a natural cycle that we've gone through multiple times over the last several decades.

Clint Walenciak:

And maybe just to put it in perspective, we were going to reduce numbers somewhere between a million, maybe a million and a half over that timeframe in count numbers. And we assume that translates into calves as well, that would come to market. That's just a fraction of the reduction we saw in the last cycle, that was a really through the 2012, 2013 timeframe. And so while it will definitely have an impact and we're already starting to see that when we think about cattle prices right now and cattle prices on the futures and commodity board that are priced into 2022 those markets are starting to build that reduction in supply in.

Bryan Schaaf:

Excellent. I think sometimes people forget that farmers ranchers. There are businesses at the end of the day. Yes, people do it because they love it because it's their livelihood. But as a famous person once said, there's nothing, we talk a lot about sustainability. There's nothing less sustainable than not making money.

Tony Biggs:

Very true.

Bryan Schaaf:

And yeah. So really these are business decisions as we're, you add in the cost of whatever food costs are. Or I say food costs like the cost of corn, the cost of things to feed animals out to get them there. So it's a long-term, it's a long-term thing that we're looking at. All right. So I have been in the industry for over a decade and I don't remember a time when anybody said, hey you prices are coming down. As you look forward, you look at the cost of goods all over the place. Everything just seems to slowly grow. Is that just the nature of the beast or is there going to be some magical moment where we're going to say, oh my gosh, flat irons are back to \$5 a pound?

Tony Biggs:

No, I haven't. I think the earlier component nature of the beast would be, especially when you think about inflation if nothing else. Inflation on input costs, like you mentioned corn inflation on the beef product itself and so forth so that's going to carry us curious higher overall. But I think again here over the next few years, as we think about those cattle supply numbers reducing and moderating, that's going to be the primary driver. The other part, when we think now about box beef is that there's a lot of folks outside of the United States that have developed a very favorable taste for beef and specifically high quality grain fed beef.

Tony Biggs:

Even throughout this COVID timeframe you'll hear mentions of China and really that whole Asian corridor, as far as beef demand from the U.S. The other component that comes into play is other beef suppliers in the country. And so when we think about Brazil, we think about Australia, Argentina and so forth. They also supply a significant amount of product into the global marketplace.

Tony Biggs:

Argentina has actually had some political issues that they have put limits on the amount of beef that can leave the country. Australia as another significant beef supplier has been dealing with mother nature. And so they've been for a significant amount of time, meaning years. They've seen steadily declining head counts as well. And so where does that fall? Where else can that demand be fulfilled?

Tony Biggs:

And a lot of that's falling back to the United States supply chain to do so. And so you throw that on top of COVID on top of reducing beef supplies. And again, you start to see how this thing, this thing can snowball pretty fast, and really that's what we're looking at as far as where these all time record markets that we're seeing on beef, depending on what cut you're looking at and so forth.

Bryan Schaaf:

Excellent. All right. Let's talk about Prime for a moment. Well, obviously we have a hyper-focus on Certified Angus Beef Prime but Prime in general it's... I try and make sure that when we talk about why our Certified Angus Beef Prime is, it's not like we've relaxed our standards, it's just a case of the farmers and ranchers are getting much, much more efficient at producing cattle that hit those Prime marbling scores.

Bryan Schaaf:

What's going on globally with Prime? Is that continuing to climb? I know we came out of the drought several years ago and we were hitting record production with Prime but is that continuing to go up because that's the number one thing people are saying, I can't find Prime and it's like, wait a minute. I know it's out there. I know it.

Clint Walenciak:

I'd say what the dynamics around the Prime market, both on the supply and demand side have been pretty amazing not just this year but really for the last couple of years. Starting out from the supply side it's a two-part equation. One would be genetics and the ranchers that are out there, every single generation they produce they're trying to improve those genetics, produce a higher quality animal and so forth. That is a long-term game. So that takes a while for it to show itself and play out. But if they are making efforts every single year than every single year we should see that improvement, and we have.

Clint Walenciak:

The second part of that is actually when we think about now that we have a live animal, well, guess what we have to manage that animal in a way that allows those great genetics to show themselves. And if there were some silver linings to be plucked out of the last year and a half and everything surrounding COVID and so forth, that would definitely be one of them that as those cattle were, I'll say backed up because of the packing plant issues.

Clint Walenciak:

One of the main management reactions to that was we just simply added days on feed. And that's a very positive thing because those extra days on feed, while it does cost to feed that animal, we benefit because it increases the quality every single day. And so that's where we've seen all time record Prime percentages here. As a national average, 12, 13, maybe 14% on a given week on the percentage of cattle that are grading Prime. The brand as you mentioned, has the Prime brand extension. And we've been able to benefit and see those same things record all the time, weekly head counts and so forth coming into that. So that's the production side and that's all great.

Clint Walenciak:

And we have continued to set weekly records on the flip side of that demand just continues to grow and outpace that increase in supply. And I think I get the question quite frequently, what's the potential for Certified Angus Beef Prime, or just Prime in general. And it's like well, we have no idea. Assuming that's the best beef we can produce and everybody wants the best and so one could argue that gosh, we're not going to stop until we produce only Prime product. That's going to be a ways off, that's not today or tomorrow.

Clint Walenciak:

But I think it is a valid question. And again, because the supply has historically been so limited, a lot of folks, no matter on the restaurant side or the grocery store side of the business, they just threw in the towel and say that's not the game, there's not enough product out there for me to compete for. And it would be a waste of my time to get into that. Where now is that supply continues to increase we see players coming off the sideline and saying, "Hey, we see some product that's accessible." And I know I have a clientele that would really, really like to be able to tap into that.

Clint Walenciak:

And so whether it be chucking round items at retail or obviously the middle meat items are the easy sell in that category, it truly has been pretty amazing to see both the supply move along but also the response and demand. And I know it did, it creates a lot of frustration especially for those that are trying to access that Prime product because it seems like, for every little extra pound of increased production, it's already spoken for as soon as it shows up on the market.

Clint Walenciak:

And that's the demand though that's needed because now think about all the way back to that ranch level that we talked about and those genetic decisions we need to have that continually strong economic signal going back upstream all the way back to the ranch level with, to let them know like, hey, you're on the right track producing cattle that can grade Prime is what we need to see. And we're here waiting on it when you get it done.

Bryan Schaaf:

Excellent. Expanding on Prime and we've said for a long time, the sirloin. The top sirloin is sort of your gateway drug in the Prime because I think once you eat Prime or Certified Angus Beef Prime, it's hard to go back because you get used to it's a, what is it? It's a [inaudible 00:31:11] caviar versus I don't know, what's a lesser caviar Tony Biggs?

Tony Biggs:

Let's see-

Bryan Schaaf:

[inaudible 00:31:19].

Tony Biggs:

Let's see, that road that's died orange that some of my favorite sushi places serve.

Bryan Schaaf:

We talked about the top sirloin. If you're going to experiment, if you're going to play around with Prime boom start there, because the spread was always reasonable. Is it still like that? Or has even that started to change?

Clint Walenciak:

I think that's a great, especially if you're thinking about the middle meats that the top sirloin without a doubt would be a great place to start. And I think that particular cut when we think about the added benefit of that great Prime marbling level that comes into play it can really show itself on a cut, like the top sirloin. And we see that too, in some of the inmates today we have clawed hearts, as well as inside rounds would be probably the two most popular inmates in the Prime grade that we see demand for. And I think that, again, it goes along with that same thought process as what we see on the top sirloins,

Tony Biggs:

A lot of my friends are jumping on the prime recently because [inaudible 00:32:29] prices has, jumped up and skyrocketed. So they become very, more interested in our Prime. And it is amazing. I have to say not just because I'm an employee of Certified Angus Beef, we serve it here. It's amazing. And it continues to show up on menus worldwide.

Bryan Schaaf:

I've seen some problem carcasses come off that if you didn't know better, you believe-

Tony Biggs:

Correct. Correct. Exactly.

Bryan Schaaf:

... they were on the wagon scales and riots. It's amazing. All right. One last question, before we roll Clint, if you could, I mean, put on your chef advisor hats, if you would. I don't know if you've got a hat. I don't know if I've ever seen you wear a hat period.

Clint Walenciak:

Good hair.

Bryan Schaaf:

I can't [crosstalk 00:33:08]-

Clint Walenciak:

I'm trying to envision what a chef advisor hat looks like.

Tony Biggs:

We get to give him a little white hat, top.

Bryan Schaaf:

I'm going to make this happen. You know what, something that's constantly in play is the idea of locking in contract prices, to the end user with your distributor. How do you feel about that I guess moving forward? Looking at what's happening in the market now, understanding what's coming, is that something that's advisable?

Clint Walenciak:

Gosh, let's see. How do I need to preface this? You know what, I think every operation has to sit back and decide, especially when we get to the level and specificity of contracting, what would be good for them and what are some of those levels based on menu prices and so forth? What kind of a contract price would I needed to see that I would be happy with and comfortable for locking in an extended period of time.

Clint Walenciak:

That's always trickier, maybe not so tricky but it's an easy number maybe to arrive at, but then you also have to get somebody to agree to provide you that product at that price, and so that's probably where

things get a little bit tricky, especially with... gosh, there's been more volatility in the last 12 to 18 months in this business and we've seen in the last 10 years. And so everybody's a little hesitant to get too locked in.

Clint Walenciak:

Everybody wants to lock in at what those higher prices on the sell side or lower prices on the buy side. But again, finding those parties to agree to. I don't know that it may or may not make sense to lock in from a contract standpoint. I think the other part is weighing out not just the price component and what that means to your margin, but what does it mean if I can't physically get the product and does a contract help position me some way somehow, that regardless of price, I'm going to have product on hand and that's my main concern.

Clint Walenciak:

I think those are the things that operators should be balancing out. Regardless contract or no contract, I still circle back to the communication with your suppliers and what cuts are you talking about? For instance, we talk about ribs and tenders. If you know that without a doubt, you have to be in the rib and tenderloin market here in the fourth quarter of this year, well we know that's the most radical time for those particular cuts, and if you've got to be in it, plan, plan, plan.

Clint Walenciak:

Plan, plan, plan, communicate with your suppliers, talk about freezing. I know some people would say that freezing is a dirty word when it comes to beef, but I would argue it's a tremendous tool and the flexibility it provides for both you and your suppliers to be able to manage through, again, both the pricing component and the availability component. Make sure you're keeping an open mind and potentially exploring new avenues like freezing if you haven't already.

Bryan Schaaf:

Excellent Tony Biggs, would you recommend also buying a big honkin freezer as well?

Tony Biggs:

Personally I would. And I would also... Maybe for me, it would be seasonal, I think. Any operation by now, we know what you're going to go through in your busy seasons, like barbecue season and Christmas and New Year. You have to keep the records of that and then you play with it. You play with it. Again, I know a lot of you folks out there, chefs, you've got a small walk-in cooler, you can barely fit a case of French fries in there before it opens the door. I got that part. That's where communication with your supplier comes in to see if you can nail down those prices and product before it gets busy season.

Clint Walenciak:

I'd throw in as well. Especially if, again, in the context of the fourth quarter of the year and so forth. In those instances where you've got flexibility and you're not going to be tied to a rib or a tenderloin item, for example, because of the seasonality. And you've got the flexibility to explore, I think believe it or not, there are some items from the carcass that are essentially trading at the exact same level today that they've traded at in August, September for the last three to four years.

Clint Walenciak:

Flank would be a great example. We were just sharing with a group yesterday. Now, flank may have some limitations in application and things like that. I know it's not going to replace a 24 ounce cowboy steak on your menu. But if it is an item that is become way more predictable on price, and in that case of a comparison, you may see whether it be flanked compared to rib-eye or whatever the comparison, you're going to see ranges on some of these items that are three to \$6 per pound difference, and that's wholesale. That's before it even rolls up through the supply chain and ends up your back door.

Clint Walenciak:

But bottom line, some significantly different price points that we can look at, some significantly different availability on some of these cuts and so take home message being that don't be afraid to explore some of these items that again, could be tremendously impactful to your bottom line and being able to have some unique menu options on there even though they aren't those traditional strip steaks and rib-eyes and so forth.

Tony Biggs:

The briskets have been an issue as well. Maybe you want to touch on those [crosstalk 00:38:41]-

Clint Walenciak:

[crosstalk 00:38:41]

Bryan Schaaf:

Trade lightly.

Clint Walenciak:

Yeah, we're taking all the lids off so no, without a doubt, briskets have been one... I'll tell you what, so I've been with the brand a little over 20 years and briskets have been one of the most significant evolutions as far as the marketplace, and in particular with barbecue. Not that they can't have application beyond it, but at the end of the day, it's a barbecue thing. Going back 20 years ago and the primary big barbecue houses across the country would have been more in that low quality high yield.

Clint Walenciak:

I need a select brisket that weighs 17 pounds and is going to yield 98%. That was the target. The evolution over time that, you know what, I can probably not only should I or can I sacrifice a meal but I should in order to gain the quality. You talk about Prime and briskets. Now you've got a pretty significant marriage that from a demand standpoint, gosh, the industry just can't make enough of them. Few and far between are the substitutes for a brisket. Especially if you're going to be down you know, in that south central part of the country. But I know some of the chefs here have played, you guys have tinkered around with some things.

Tony Biggs:

We've taken the Chuck roll to new levels and the Chuck flap to new levels. Whereas a lot of folks were using brisket for their burn tins, we took the Chuck flap and we actually smoked it and we did burnt ends with the Chuck flap and a beautiful Jack Daniels... You love Jack Daniels.

Clint Walenciak:

Yeah, absolutely.

Tony Biggs:

I've gone out with you, and to do a beautiful sugary bourbon sauce and it's magical. There's definitely substitutions. But you have your old school guys that want that brisket, but we've given you some new ideas here.

Clint Walenciak:

I made the mistake one time of telling a Texan, "Hey, you should try beef naval for your burn ends." And it was like I insulted his mother. I'm like, "Dude, I'm sorry. I meant-"

Tony Biggs:

Know your audience.

Clint Walenciak:

Know you audience. Exactly.

Bryan Schaaf:

On that note, we are going to let Mr. Walenciak check returned to his day to day duties. If this is your first time listening to the Meat Speak podcast, powered by the Certified Angus Beef brand, please note you can find this across all of our major podcasting platforms. That includes Apple, Spotify and Google Play. But taking a page from page the social media soothsayer, who was really spinning the dials in everything that we do from a marketing standpoint on this podcast. We would like to focus on the Apple Podcast and that's the purple icon on your phone.

Bryan Schaaf:

If you could visit that, leave us a hopefully a five-star rating. If you're thinking that we're in the two to four range, round up to five. If you're thinking we're a one, just don't leave a rating. But if you could also leave a review, it doesn't... honestly, I think as we read up on these Apple algorithms, it doesn't actually matter what you say. You can be like, Chef Tony promised me that he would send me a Denver steak if I left a positive review. It's cool. It fixes the algorithm. It works at our behavior.

Bryan Schaaf:

It's not about us making... we don't make money doing this. We're employees of Certified Angus Beef, but it is all about raising our visibility to overall audiences. And because we're a nonprofit that represents farmers and ranchers of the world, if you like farmers and ranchers and you want to put more money in their pocket, boom. Somehow we've tied that all the way to leaving a review on the Apple Podcast. That might be the ultimate segue.

Tony Biggs:

I love it. I love it. Clint, you were a magical today, buddy.

Clint Walenciak:

Hey, it's been fun guys. I appreciate you inviting me down.

This transcript was exported on Sep 28, 2021 - view latest version [here](#).

Bryan Schaaf:

Hey, thanks for taking time to join us. On behalf of the Meat Speak podcast powered by the Certified Angus Beef brand, Chef Tony Biggs, meat scientists, Diana Clarke, who will be returning from maternity leave. Right now she's home enjoying being mama, which is great, which is great. Hopefully she misses us as much as we miss her.

Tony Biggs:

Get back, get back Diana. Get back.

Bryan Schaaf:

Until next time, thanks for listening. We'll see you soon.