

wisconsin grass-fed beef cooperative

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**WISCONSIN
MEADOWS™**

Meadow View

100% Grass-fed Beef

Volume 8, Issue 4 • October, 2017



Larger than life – Jon Lee recently photographed our new van at his farm in Coon Valley

The fall edition –

We welcome your feedback or questions, as well as contributions of articles or photos, upcoming grazing events or news from your part of the state. Send to moreinfo@wisconsgrassfed.coop or to our mailing address: **P.O. Box 269 Viroqua, WI 54665** or phone: **1-800-745-9093 (Rod)** www.wisconsingrassfed.coop www.wisconsinmeadows.com

Call for photos and recipes for the new website

Do you have a favorite way to fix grass-fed beef? Share it with our customers!

We also need photos of your farm or herd, especially ones showing grazing work such as moving cattle, making hay, setting up fences/water tanks, etc.

Also would like to have a photo of you with your family (or herd if you like them better!) to help connect our customers to their local farmers.

Strategic Planning Meeting

Each September, the WGBC board of directors and management team meet to discuss the current year's business and plan for next year. Unofficial minutes reprinted here (*edited slightly for space.*)

Wisconsin Grass-fed Beef Co-op Board of Directors Planning Meeting

Attendees: Pete Prochnow, Rod Ofte, Tim Mathison, Russ Endres, Bob Pesz, Jon Lee, Judy Lang, Kevin Moore, Mandy McGee, Greg Nowicki, Jason Cavidini

Russ Endres called the meeting to order at 10:15 a.m. Sept. 16, 2017

- 1. Agenda:** no additions or corrections to the agenda
- 2. Minutes:** Minutes from the August meeting were reviewed and date for minutes was corrected. Judy motioned to approve the minutes as written, Kevin seconded. Carried.
- 3. Financials:** August showed strong sales over budget, due in part to it being a 5-cycle month and a Lipari order for a pallet of 90/10 1# grind. Also the 90/10 1# fresh product was relisted so there was volume needed to fill the pipeline. Profit for the month was just under \$3000.
Rod then presented the year-to-date (YTD) financials through August 31. Sales show 14% growth, but profit is 71% below budget. There are a number of factors that have affected this. The Co-op has taken in 39% more cattle vs. 2016. COGS are declining due to the tiered pricing program. We have shown a growth in sales despite stiff competition, and have had good fixed cost control vs. budget. Estimates for year-end figures are a 6% sales growth and a 59% decrease in profit vs. 2016.
Rod passed out a handout on the marketing budget overage YTD. The three big items that caused a good part of it are the van wrap, website upgrade, and Edible Madison magazine ads. All three were approved by the BOD on the March 2017 conference call.
- 4. Sales report**
 - Rod met with 13 different customers on his Chicago trip and 3 committed to buying our product. Local Foods agreed to stock our 1# 90/10 and 5# 85/15 frozen products to serve the customers down there.
 - Rod highlighted a number of opportunities and challenges that we are currently facing. Opportunities include our strong working relationship with Lorentz Meats, a solid cattle supply, and lower COGS trend. Challenges include, consistency of cattle quality, lower commodity prices, fake-claim competitors, and an E. Coli incident. Our relationship with Neesvig's fits in on both sides of the equation.
 - Rod gave a brief update on some of our competitors. Twisted Oaks offers all forms of proteins so it is a one stop order for some of our customers. We are also offering a premium product when Kwik Trip is selling steaks for 99 cents, and many consumers look at price first.
 - The majority of our processing continues to be done at Lorentz Meats. Johnson's does 2–3 head every cycle, makes our jerky, and lets us store a pallet of USDA product there.

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5. Management Team Roles

- Rod gave an overview of the management team and the roles that they play in running the day to day operations of the Co-op. Many of the tasks have more than one of the team trained to do them for backup, etc. At some point in the future, the BOD will need to look at changing the structure whether it be bringing on a full-time person or by some other option.

6. Pay Price

- Pete proposed that the pricing for cull cows be lowered to \$1.30/# from the current \$1.40/#. Motion by Bob, second by Jason to do so. MC. Tier 2 price will remain \$2.35/pound.

7. 2018 Pipeline and Forecast

- Pete reported that although the cattle supply has been robust and remains booked out 6-8 weeks, it isn't known if that will carry into 2018. Many producers don't know their plans or won't share them. One big factor will be if the price of feeders remains low, then many farms will hang on to their steers and finish them out.

- Pete presented a *Current and Historical Data* handout that he put together showing the number of cattle shipped in 2016 vs. 2017 YTD and how they graded out. Some of the items don't directly correlate since the tiers were adjusted in October 2016. The handout also showed how many members are shipping cattle and a breakdown by number of cattle shipped. He will continue to track these and will update these handouts to be used in the future. A good discussion took place on how this info can be used and what actions can be taken.

8. Marketing Updates

- Mandy presented the marketing projects that she has been working on so far this year. The biggest is the website upgrade, which should be going live in the very near future.

- We are now offering a 30 lb. variety box in addition to consumers being able to order a whole or half steer. The 30 lb. box will sell for \$199 and can be ordered off the website.

- A discussion was held on potential marketing opportunities and how to further promote the Co-op. A number of ideas were brought up by BOD members, and in the future some will be further discussed to see if they can be implemented and used.

- Discussed possible options to celebrate the 10 year anniversary next summer. It was suggested that maybe we could partner with Grass Works for their picnic next year. Jason is on the BOD for Grass Works, so he will approach them to get their thoughts, and then bring it back for future discussion.

- Discussed how to better reach consumers since the magazine ads don't seem to be creating business. This will be discussed more in the upcoming BOD calls and into next year.

9. 2018 Strategic Options

- Rod presented the historical options that the Co-op has used to pursue growth and opportunities. He handed out the proposed budget plan for 2018. It forecasts a net income of \$33,233, which is approximately double of the 2017 year end estimate. The largest expense increases will be for marketing and management team fees. Taxes will be slightly lower due to the depreciation on the new van. The main assumption to get to this net income will be a sufficient cattle supply.

- Rod then presented 7 different Operating Plan Growth "Plus" Options and gave the pros and cons of them. They include having a presence at farmer's markets, home delivery, expansion to Chicago and the Twin Cities, attending national and regional trade shows, having a dedicated USDA processing plant, expanding our brand into pork, and exporting cattle. There are other options that were discussed and will be looked at for future discussion.

10. 2018 Annual Meeting

- Rod presented budget for 2018 annual meeting. Current cost estimate is \$3600. The 2017 sponsors have all committed again, and a number of new sponsors were discussed and will be contacted to see if they will support the meeting. One hour is planned in the afternoon to have a panel of Co-op producers to answer questions on finishing cattle and other topics that Rod will moderate.

11. Year End Profit Allocation

- Rod presented options for what should be done at the end of 2017 with the estimated profit of \$17,000. That profit would trigger a bonus for the management team. Options for the remainder include a patronage dividend, debt pay down, buying the stock back from up to 10 non-active members, or keeping some or all for cash reserves. This will be discussed further on future BOD calls to work out the details.

12. BOD Stipend

- Rod proposed that the members of the BOD receive a \$100 gas card for traveling to meetings, etc. No objections.

13. By-Laws Update

- After the discussion on buying stock back from some members, Russ proposed the by-laws be sent out to all BOD members to look over and a future agenda item will be to discuss which, if any, of the provisions should be changed or taken out of the by-laws. Mandy will send out after the meeting.

14. BOD Meeting

- The BOD then had a short meeting without the management team to discuss some items of business. Meeting adjourned when they were finished.



Wisconsin Meadows Marketing

As part of our targeted promotion of “*custom-cut Wisconsin Meadows delivered to your door.*” another consumer-oriented magazine ad (*at right*) ran in *Edible Madison* magazine’s fall issue. New this fall is a 30# variety box of roasts, steaks and burger, for those who cannot afford or store a half. Hopefully this “taste” will convince folks to get a half the next time!

Work continues on the new website, we went “live” late last month with *phase one*, the basic pages for both consumers and producers. Then about a week later *phase two* got the online order system for the custom-cut halves and the variety boxes live. It’s all still being tweaked a bit, but you can check them out at www.wisconsinmeadows.com or www.wisconsin-grassfed.coop. Both are linked so users can view pages from either portal, you’ll notice the blue themed pages are more customer/food-focused, whereas the green themed pages concentrate on the cooperative itself and membership, also raising grass-fed beef and items of interest to producers. We think you will like that the WGBC protocol is up there as a web page for easy reference at a click, but it can also be downloaded as a PDF for those who want to print it out.

Those of you who had a password issued for the “private” member pages on the old site will no longer use those. The members-only area will be *phase 3* and is in progress – we’ll send out more info when that feature is accessible. (*Let me know, would you rather have a private Facebook page for our members, or have it as part of the website?*)

In the meantime, I can e-mail you the cattle shipping form for those who need it, and our current pay prices should be available in Pete’s monthly e-blasts.

Thanks for your patience as we work through these changes, if you see anything we need to edit, or have suggestions as to what content should be included, let me know at moreinfo@wwisconsingrassfed.coop, (*note new address*) or fill out the form under “Contact” on the site.

Upcoming Events

Conference Season – Save the Dates!

Jan. 30 – Feb. 1: Grassworks, Wisconsin Dells

Feb. 10: WGBC Annual Meeting, Wisconsin Dells

Feb. 22 – 24: Moses Organic Conference, La Crosse

Stock up for your favorite fall recipes!

Wisconsin Meadows 100% Grass-fed Beef is now available custom-cut by the side, or our **new variety box** of steaks, roasts and burger direct from our farmer-owned co-op and **delivered to your door!**



For individual fresh cuts or delicious dining, see our website for fine stores and restaurants in your area who support our local cooperative of family farms across Wisconsin.

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Pick up a copy of Edible Madison’s autumn issue and check out our ad, featuring our new 30# variety box direct sales to consumers.

Have you read this?

Did you recently read an article that may be of interest to other graziers? Send in the link or issue and title and we’ll pass it on to the membership.

Board member Gene Schrieffer shared this link to an article on raising replacements: <http://onpasture.com/2017/09/18/raising-your-own-replacements-maybe-you-shouldnt/>

While you are there, check out the rest of the **On Pasture** site, they have quite a few articles archived on forage, livestock, stockmanship and more.

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Pete's Pricing and Production Page

Opportunity to Participate

Recently your board of directors met to directly review business operations of your cooperative. Beyond evaluating business financial reports, sales activity and marketing efforts, another consideration included reviewing member farm involvement. The category breakdowns and corresponding numbers of member involvement are subjective, that is, always changing, but the charts on the next page show member participation in 2016 and 2017.



Likewise, member's farm plans are frequently being adjusted, and the result is that the inventory of cattle ready as grass-fed beef animals to ship to your cooperative – also varies. This constant churn of changes are simply part of a large number of member farms participating in a collective effort to market a niche beef product. *(We currently have nearly 180 member farms in the WGBC.)* A primary challenge from the beginning of co-op operations 9 years ago - and remains today - is balancing cattle ready inventory with profitable sales opportunities to support a premium price for members shipping cattle.

As we all grind along day-to-day trying to make our farms efficient and productive, the necessity of marketing farm production is not always embraced by farm owners and/or managers. WGBC was largely created to assist with this necessity by offering a reasonable option for member farms as another opportunity to market their grass finished beef cattle. Members are not obligated to ship cattle to the co-op, nor does WGBC promise to necessarily purchase all member production.

Nov. Pay Prices

(all hot carcass weight)

- Tier 1: \$ 2.45
- Tier 2: \$ 2.35
- Tier 3: \$ 2.10
- Culls & Bulls \$ 1.30

As the data collected about member involvement summarizes – participation levels vary. It is understood we all have only so much time per day to address individual and farm operational challenges. This of course directly impacts the ability to participate in the opportunity WGBC presents.

At the same time, WGBC is an opportunity determined by how many buyers of our beef products it can secure on a weekly basis. Purchasing more cattle to process than it can sell within a few days or weeks puts the co-op in a difficult and costly position. (Very few entities can carry perishable inventory.) Consequently, the opportunity for member farms to participate in WGBC offering – by shipping cattle – is directly impacted by this balance between demand and supply.

Participation Creates Opportunity

Your co-op presents an opportunity for members to participate by providing a marketing option. It is not a hired service provider, but instead a **cooperative** business model which is working and done so profitably to date. This opportunity is contingent on a member's willingness to participate in this balance.

WGBC continues to pursue profitable business partners and sales opportunities. As members, you have the opportunity to participate in this effort as well – promote your cooperative's objectives of providing an environmentally sound and healthy local food for your community, and beyond! Participation by as many members as possible, whether shipping cattle, serving on the board or a committee, doing an in-store product sampling demo, or even writing a thank you note to our customers is key to the co-op's success! It is surprising, but often these small efforts can build new relationships leading

to sales and marketing partnerships.

The WGBC board and management group appreciates your support.

Best wishes, Pete Prochnow –
WGBC Production Manager 920-210-9177

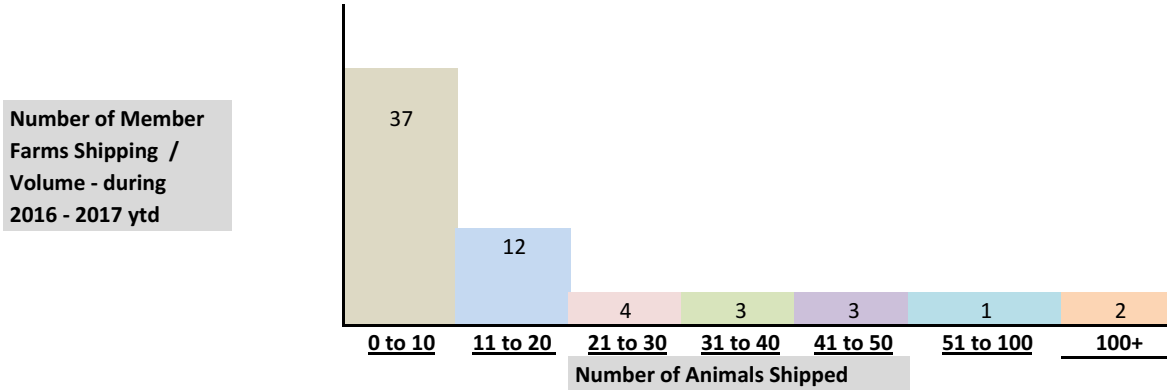


Rod and Russ Explore Exports to China

In October, a group of visitors came to WGBC farmer Russ Endres' farm near Middleton to explore the possibility of exporting grass-fed beef to China.



Cattle Sales to WGBC / Member Volume



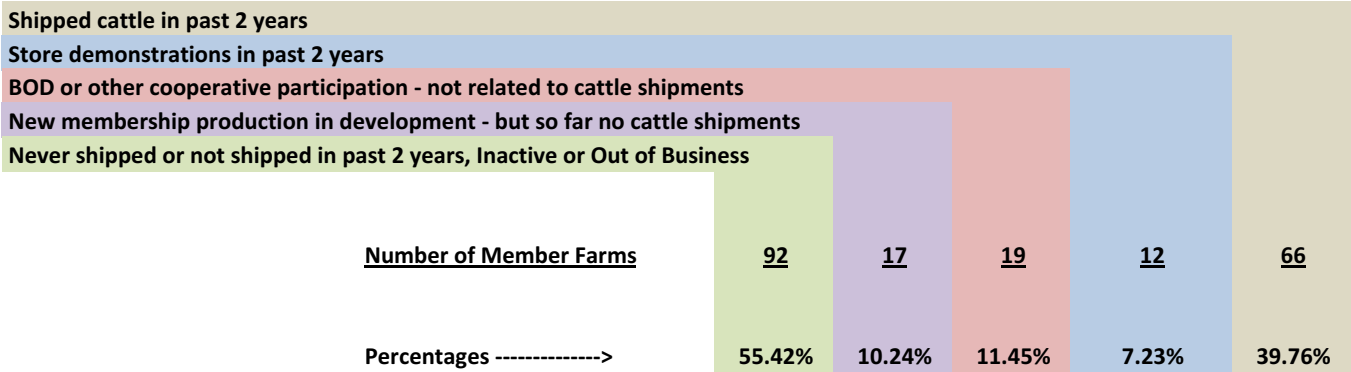
Total # of hd shipped	0 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 100	100+
2016 - 2017 ytd	1088	200	139	131	67	132	59

Percentage of total	0 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 100	100+
	18.38%	12.78%	12.04%	6.16%	12.13%	5.42%	33.09%

Percentage of Cattle Supply from Member Farms Shipping > 20 hd **68.84%** from 13 member farms

Percentage of Cattle Supply from Member Farms Shipping > 41 hd **50.64%** from 6 member farms

Member Farm Production and Co-op Participation Summary



Left: Russ Endres, WGBC board president discusses (Spotted) cows with the Chinese visitors at his farm.

