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#### BEGIN TRANSCRIPTION

[00:00 - 00:40] Speaker: It's five. And so there may be a few other folks that will stream in. You are at the Center for Collaborative Conservation Seminar series for the Fall. And our theme this fall, as you know, is ecosystem services and environmental markets. And I can see, by the folks that are present, a number of folks that are interested in this area and involved. So that's great. And we have the real pleasure today to have Hill Grimmert speaking with us. And if you haven't had a chance to know the Northern Colorado Food Incubator, you should know about it because he's completely involved with it, and they're doing great things locally. And so that's sorry, be local Northern Colorado. What's the--

[00:40 - 00:41] Hill Grimmert: It's both of them.

[00:41 - 00:42] Speaker 1: It's both.

[00:42 - 00:45] Hill Grimmert: I'll explain that little kind of okay.

[00:45 - 01:19] Speaker: And Hill comes to us from all kind of seemingly all over the country I don't know, or maybe it was more of that in that direction where the sun rises but has a huge amount of experience both in the business and nonprofit sector, working generally at the cutting edge of when ideas are being developed and businesses are being developed. And so he is, I think, a natural

innovator. And in fact, he's soon to stop talking to us if we don't start innovating. And I have the feeling others in this room will do the same [laughing]. Yes. And so he's going to talk to us today about conservation Brief. Welcome [crosstalk] very much.

[01:20 - 03:58] Hill Grimmatt: Thank you. If I don't talk loud enough, you guys can feel free to move forward. I feel like the preacher who sits [laughs] in the back of the church. So, just a little bit of background. You got two organization names up there. I founded this organization called the Northern Colorado Food Incubator in 2004, basically as a way of supporting small businesses, and over the ensuing several years began working with the woman whose now my colleague as co-director of local Northern Colorado. And we created being local out of a sort of two existing projects, one of them being the food incubator. So the food incubator is now essentially a project of a nonprofit that has a bunch of other things going on in it besides food. Go ahead. And last winter I was lucky enough to be awarded a fellowship as a practitioner with the Center for Collaborative Conservation. And I'm not going to read this, but this is the summary from that fellowship. And what I'm doing is part of it is working on developing essentially a blueprint for what, marketing some kind of conservation beef or story beef. You can call off things, and I'll get into that a little bit with some of the small producers in northern Colorado and or southern Wyoming and things like that and what that might look like. So, and this is sort of the piece of this. The food incubator was a preexisting project. The oldest project that was part of this is the Laramie Foothills Project, which is a conservation project originally of the Nature Conservancy and is about, I think, 20 years old, maybe even older than that, and has gotten a bunch of support from other organizations. And out of that Laramie Foothills project, there's a committee of stakeholders of all sorts. And out of that group came a managed ecosystem services grant application to, I don't even remember, some federal agency. I wasn't involved in it. In 2009 that didn't get funded.

[03:59 - 06:18] Hill Grimmatt: But part of that grant really was to look at essentially what are some of the ways in which ranchers in the foothills, in the Front Range, might be able to supplement or diversify their income streams. Because one of the big issues for ranchers is how do I make a living. How do I make a buck in this business? How do I make a living? And during that whole grant process, there was some discussion of some kind of cooperative action toward branding beef as a marketable product through multiple producers. And we have plenty of small producers up and down the front range and all over Colorado who sell their own product under their own brand directly, that farmers markets are online or one thing and another. But the question is could you, would it be worthwhile to bring some small producers together to do that collaboratively? And what would be the advantages of doing that, and how might you go about doing that? And so that fellowship is really an opportunity for me to kind of explore that in more detail. So these were the five things that I said I

was going to look at during this fellowship, and the two with the check marks are the ones I'm going to talk about today. So the consumers and their values, what drives consumer buying behavior, is obviously relevant. If we want to understand how to sell beef, that's making claims about health or conservation or land use or anything like that. And the other thing is conservation practices, what people are doing on the landscape that would make sense to make claims about. And keep in mind that I'm thinking I'm a business guy. So I'm thinking about this ultimately how do you convince somebody to part with their hard-earned dollars to pay more for a steak or a pound of hamburger than, you know, than average than normal than they could, however, you want to phrase that?

[06:18 - 08:32] Hill Grimmett: That's the dilemma of this kind of beef producer. Right. do you collect and put in your pocket some of the added value that you can bring to the product? Not a simple matter, especially in these hard economic times. There are a bunch of other things that are part of this, but those are the two I'm going to talk about today. So next slide. So there's a context here, and I'm going to keep turning and looking at this. I think I said this so that some of you heard it. I was getting ready to print out my things, so I could look at them without having to turn my side to the audience. And the power went out at my house, including part of campus, too. So the context for ranchers is, is essential, if those of you who may not understand, as I didn't understand this before, I kind of came to Fort Collins and got into this food work that the ranching community, what we think of as sort of ranches, right. Normal with cows. They have baby cows, and somehow they grow up and be hamburgers. Right. But what happens is that production each year cows have calves and traditionally the rancher is what in the industry the beef industry is called an operator, and they're raising the calves. When the calves are weaned, then they typically get sold, and they get sold to somebody who puts them in a feedlot of one sort or another fattens them up to slaughter weight. And at that point they become dinner. So one of the things happened over the last 50 years is that beef has become a real commodity product, by and large, you know, other than these fringe elements. And mostly what we'll be talking about today is fringe elements from an industry perspective, the storied beef, the conservation, beef, the natural all even beef is a small, tiny fraction of the overall beef market.

[08:33 - 10:45] Hill Grimmett: So, all that aside, in the industrial beef sector, you've got a commodity product. So always what drives commodity products is price. And what happens has happened over the last 25, 30 years, really since the '60s in the various livestock industries, is that the big producers, and there's always been 4 or 5 big producers in any one of these industries. They've driven to a business model where you see it most clearly in poultry because they started first. That began to happen in the when instead of raising flocks and taking them to market and selling them to some kind of wholesaler and into the market, the poultry big poultry processors. Tyson is one, for

example, Perdue is another one, although I'm not sure if they exist as an independent entities anymore. They began to contract with people mostly in the southeast, from the Delmarva Peninsula, in the Chesapeake Bay on south to produce chickens and big confinement operations, confinement, feeding operations. And over time, what happened was that they would develop contracts that were increasingly kind of vertically integrated so that the big contractor if I'm the ultimate big player here. I'm going to supply you, the farmer, with the chickens and the feed. I'll maybe even lend you the money to put up the buildings, and it might cost you half \$1 million to put up these big buildings. And I'll own the chickens, and you can only sell to me, and I'll basically determine how much money you make. And it becomes, over time, a very restrictive, very difficult financial situation to be beholden to these big companies who are not very interested in your well-being as a farmer. In fact, you're not really farming much anymore and about the only thing you own. It's sort of an ugly situation. The only thing you own is the dead birds in the manure.

[10:46 - 13:30] Hill Grimmett: So you get all the problems, and they get all the benefits, and you get a little money out of it. It's a really nasty kind of business, and the pork industry has gone that way. And now the beef industry is sort of poised at the edge of deciding will they do that. Now, the beef industry has got some advantages these other ones don't, because traditionally calves and the cows that bear them are born on rangeland in the open. It's not they don't-- Raising the calves from weaning to slaughter weight can be done in a feed yard, but you can't really produce beef cows from birth in the feed yard. It just doesn't work. So, there's some other context. Next slide. This is a nice example of the dilemma of the modern rancher from a book that Joel Salton published earlier this year. Joel Salton is a guy who becomes relatively famous. He's a farmer in Virginia who was featured in Michael Pollan's book, *The Omnivore's Dilemma* and has appeared in a bunch of things. He's been on campus. You're speaking a couple of times in the last year and a half. And in this book, he gives the example. His parents bought an old rundown, hill farm in the Shenandoah Valley of Virginia in 1959 or '64, \$50,000. That was a lot more money in today's dollars than \$50,000. But nonetheless, in 550 acres, the price for calves at weaning at that point, which varies from day to day in the auction market, was about \$0.30 a pound. Now, here we are, what, 60 years later? And the farm's been apparently assessed at about \$3 Million. Now he's dramatically increased the value of the farm because he's done a lot to improve the land. But nonetheless, a lot of it is driven not by productivity prices, but just by the general economy. But the price of calves is about \$0.95 or a dollar a pound. So in 60 years, no, 50 years, there has been a 60-fold increase in the value of the land and a three-fold increase in the value of what's being produced on it. And that is the dilemma of most modern farmers and modern ranchers, is that the value that they get for their production is way out of whack with the value of what they need to do the production.

[13:31 - 15:33] Hill Grimmett: So, that's just by way of background in context and so the next thing to ask is, you know, what are some solutions to that? And one of the big solutions that emerged for some producers in the last 20, 25 years is direct selling, and that's farmer's markets. I mean, traditionally it was farm stands, right? Put the stuff out, you'd have a little farm stand or a big farm stand. You'd sell some of your stuff. In the ranching community, I've talked to people who for 50 years have been buying half a steer every fall from the same rancher in around Fort Collins, and they buy it in bulk, and they put it in their freezer and that's their meat. Maybe they hunt and supplement it and they maybe not a lot of pork production in Colorado, but in the Midwest, you'll find people do that with whole hogs and things like that. So there's this kind of side economy to all this. But in the '70s, '60s, '70s, certainly, it picked up steam in the 80s, farmer's markets became a bigger deal. And what's good about farmer's markets from the producer's point of view is that there aren't any middlemen, right? If I sell my head of lettuce for \$2 at the-- if it sells for \$2 at the grocery store, and never mind the price difference between the farmer's market and the grocery store for a minute, Vice out to the grocery store, they're going to want \$0.50, \$0.75 [inaudible] me for a \$2. And unless I sell at the grocery at the farmer's market, I can get \$2. Now, it takes a little time, but you know that direct sale is worthwhile. CSA's are a newer model for direct sale, and the Internet, of course, has done a lot of direct sale options.

[15:33 - 17:43] Hill Grimmett: So the one of I mean, when I think about this and talk with small producers of all sorts, not just ranchers, you know, one of the things that I always am curious about is what are the kinds of direct sale opportunities they're interested in taking advantage of, and how do they do it? Because, you know, that's where the higher margin is. You can make more money for the effort, and you got to do more marketing, and you got to like doing it, or you're not going to do it. I mean, if you hate going to the farmers market and dealing with customers, you probably don't want to be in the direct marketing business. You know, I've talked to plenty of people like that. They want to load it all up in boxes and have the truck come and pick it up and be done with it. Send an invoice to the middleman. And that's the end of the story. So the flip side of that is consumers, there's been a huge growth in direct sales, both farmers' markets and CSA's in the last ten years. We're up to something like 7000 farmer's markets around the country, which seems small, and it is compared to grocery outlets, but nonetheless, it's a lot bigger than it used to be. And what drives consumers to farmer's markets. And a lot of times it's because it's an event, and it's fun and all that. But there's also this whole phenomenon that people are a bunch of people on campus here who work in this area called conscious consumers. And a conscious consumer is somebody who makes purchasing decisions based on his or her values. So that may mean that you're willing to pay a premium price for the products that comport with your values. You know, that's why the Prius and some hybrid cars started to be more popular because they gave people a way to express their concern about

greenhouse gases, even though those cars initially when they came on the market, were relatively expensive for what they offered, and they were relatively hard to come by.

[17:43 - 19:35] Hill Grimmett: And one friend who bought a Prius, maybe the second model year, and had to wait like nine months to get her car, she parted with a good chunk of her money on the front end of that nine months and wasn't too happy about waiting in the end. So one of the questions that people ask is, how much premium? And one of the things I've been doing over the last few months is looking at some of the research about how much premium people are willing to pay. And my conclusion is that nobody really knows. The studies are all over the map. It depends on when they were done and who did them. And, you know, I've seen numbers like, oh, consumers are willing to pay 20% more for a pound of beef. And You know, but they'll pay \$3 a pound more for steak. Well, \$3 is a lot more than 20%. So they are all over the map and I don't trust any of them. And I suspect the researchers might say we don't really trust any of them either. This is just what we found in this one study. But what I think is safe to say is there's that people are willing to pay more. And one good way to monitor that, and I've started doing this on a weekly basis now, is if you go to the markets that have beef on the counter and conventional beef alongside it, you can see what their prices are. And whatever that price spread to me that that's, you know, something, there's some information there about what the premium is. I go to Whole Foods and when I walk there from my house pretty frequently to shop and I noticed that ground beef is 450 a pound for regular beef, and it's 550 or \$6 a pound for beef.

[19:36 - 21:31] Hill Grimmett: So that tells me that for a pound of ground beef, consumers who aren't particularly concerned about their pocketbook, which is the whole food shopper, might be willing to pay as much as a dollar and a half a pound premium for beef. We can talk about why that might be so in a minute, But, you know, the margin on stake is higher. And if you talk to the beef, people around here, they can get rid of steak at quite high prices, and they have trouble selling some of the other cuts of meat, even at ordinary prices. But that we suspect, as I've talked to them, have much more to do with the fact that people don't know what to do with a roast or a [inaudible] they don't have a big enough family, or they're not going to have time or whatever. It doesn't really have to do with the product. It has to do with lifestyle and cooking and all that. Okay, next slide. So these are some of the values that people that surveys report that people care about. So since we're talking about food, one of the myths of health, and since we're talking about beef, one of them is Omega fatty acids, There are a number of fatty acids in the human diet. And if you read anything about natural beef and so on, you'll start to hear about omega three fatty acids and fatty acids. And there is at least a little bit of evidence out there in the world that says the balance of those two nutrients in our diet and both essential for human health is way out of whack. And that eating changing one's

diet may be to include beef instead of conventional beef might put it back in a way that would help. I'm no expert on this, but that's one thing.

[21:31 - 23:42] Hill Grimmett: But the known hormones and the no antibiotics. And if you're talking about natural beef, they may not be, they may be grain fed. But then you can say no GMOs. I started in the beef industry, a triple no standard, no antibiotics, no harm, no growth hormones, and no GMOs as one sort of way of claiming a piece of the consumer market. And the other one is the No animals feed the Animals business. If you followed the mad cow disease thing of about ten years ago, at that point, they had just they had discovered that in feedlots, which are not very attractive operations, by and large, they could get critters to eat kind of anything because it got all mixed together into kind of mushy feed like substances, and they would eat it. And included in that was waste from the slaughterhouses and things like that. And it became clear that that wasn't a very healthy thing, even never mind that kind of aesthetic or revulsion that some people have about feeding herbivores, animal products, which seems kind of way out of whack. There's still some of that cross-species feeding going on that's not completely outlawed so that you could actually feed chicken waste to cows if you care to do that, which is sort of an appalling thought. But health, that human health, is one piece. The environment is another big piece. Land use, that is, we'd rather have ranches than subdivisions. We'd rather have, you know, ranches than tree farms, watershed conservation people have some people have an awareness that that good land use means that water is retained in the soil better, and it cuts down on flooding. And it helps to be sure that the water in the reservoirs for us to drink and things like that.

[23:43 - 26:17] Hill Grimmett: Another piece of this is sort of the family farm, and you find this even with the industrial beef people, they're sort of pushing the image of the family farm, you know, the good old American ranching family that's out there doing the Western thing. Well, I don't know that a whole lot of people do that anymore. But it conjures up a bunch of images. But the notion that there is a social benefit to having economically and environmentally viable, relatively small agricultural operations is one that I think is very important and one that is a consumer value. Open space. Conservation of open space In terms of using agricultural lands, if you're familiar with this area, soapstone, which is north of Fort Collins, was bought as open space by the city of Fort Collins and has a grazing program. So those are a grazing co-op that grazes beef cattle on the soapstone land. It preserves the land. It also keeps it as a working landscape. And some of the money from that grazing helps support the open space program. There's a beef operation in Wyoming. So that's an interesting little environmental piece, means that they don't go out and shoot coyotes, and they don't try to, you know, that sort of thing. There are a bunch of people who are doing sort of land management by using the songbird population or annual bird count as an indicator of the health of

the land and species diversity. There are other things that you could put up their species diversity I should have put up there, and I didn't think to. Animal welfare is another. So we got health. We've got the sort of human health piece. We got the health of the environment piece. We've got animal welfare, the health of the animals. You can tell that I'm sort of big on thinking about this as health in general because I think that's the overarching theme. Animal welfare is how the animals are treated, how they're slaughtered, and good husbandry practices, basically. And then the thing that you also hear about very often from people is food, miles and carbon footprint and environmental, you know, climate change and global warming and all that sort of thing.

[26:17 - 28:20] Hill Grimmett: And people care about those things without knowing what to do about them, by and large. And one of the things that that plenty of people are doing in the food business, not just in beef, is making claims about, you know, locally produced food, has a lower carbon footprint, you know, getting it from wherever is better than getting it from Australia. Now there's some controversy about it. Because you do have to think about the whole life cycle of the product and probably the whole operation, how much petrochemicals are going into the fertilizer, and where the machinery come from. And it's way more complicated than it looks at first glance. Next. So those are the values. Those are the consumer, or at least some of them, right, that if I'm a beef rancher and I want to market my product directly to the customer, those are some of the things that I could say, I do those things. My land is, and my animals are for. Some of my product or all of my product is. So I know that it's healthier for people to eat. It doesn't have growth hormones, it doesn't have antibiotics. And if I have to sit count, I need to use antibiotics. I'll take her out of the operation for a period of time and sort of not sell that beef as part of the stream of product that comes off my ranch and things like that. So all that's well and good, but that's a long story. We just took 30 minutes to talk about that. That's a long story to tell people when they're standing at the grocery store case trying to figure out whether they want to spend \$2 more a pound for steak. Right. So you have to come up with some thoughts and some decisions about what are you going to do, how are you going to communicate that?

[28:20 - 30:07] Hill Grimmett: And I don't mean sort of how you communicate the whole thing, but I sort of once you choose the value, you have to decide what claims you're going to make. You know, do you want to claim my beef is healthier than the other guy's beef? Do you want to make the claim my beef is healthier for the planet than the other guy's beef? You want to claim our cows are the happiest cows on the planet? Why do you want to claim? What's the message that sort of underlies the marketing campaign? And you can obviously combine them. I mean, you could come up with a claim that says, you know, healthy cows, healthy planet. Healthy planet is healthy planet, healthy people. I mean, you could sort of do it, but you've got to make some claims, right? You got to say,

this is where I put my stake in the ground and this is what I'm doing as a rancher. And you can apply this to farmers or anybody else that supports the claim I'm making. So if you wanted just, I just wanted an example. Let's talk about human health and environmental health. So the claim might be that beef has no hormones. And no antibiotics are better for human health. And that rotational grazing and prevention of stream bank erosion on my land and maybe some stream bank restoration projects that I've undertaken. And keeping the manure from the corrals out of the river produces healthy land. Those two claims would refer to a bunch of characteristics about your product, and they refer to a bunch of characteristics about what you do in your operation. So that's kind of the next step. Go ahead.

[30:09 - 32:20] Speaker 1: And so, the implication from my point of view is that you have to and this is and here I'm thinking about a group of producers, not just a single producer, but it's certainly a prize to a single producer, is. You have to decide what claims you want to make. You have to sort of say, what-- and there are two pieces to that. One is, what do I know about the product I'm producing. And the way I produce it, that I can legitimately make a claim. And the other one is. And this is much harder, what do I think people care about? Right. If you're going to establish a brand, I don't mean a brand on the cowhide. I mean a brand like Pepsi-Cola or Toyota or Taco Bell. Hopefully not the latter, but that brand stands for something in people's minds, right? It's very hard to shift what it stands for. And so if you want to try to build the brand as a beef producer or a set of beef producers and talk about, you know, powder, you know, Powder River, watershed conservation, beef or Northern Colorado, environmentally healthy beef or none of these. I'm not good at slogans [laughs], but you get the idea. If you want to put those images out there, you need to decide what advance you need to make some guesses about what you think sells. And if you decide two years later that you wish you'd made another set of claims, it's not that you can never do that, but it's really hard. It's really hard to get people. Because what happens then is people get confused. They said, I thought you were the healthy cow people, and now you're telling me you're the low carbon footprint people, or I thought you were the, you know, omega three fatty acid people. And now you're telling me that you're the stream bank erosion prevention people, and it's just tough.

[32:23 - 34:52] Speaker 1: So the first thing is you got to make a set of claims and decide how you're going to do it. The next thing is, you have to tell a story about something. All marketing is about telling a story could be telling, you know, who was the Old Spice guy. That was a story, right? And you all see the Old Spice guy that last 3 or 4 months, that was a lot of it was implicit to the way he looked and the sort of attitude in the ads. But that was a story. You use, Old Spice, and you're a sexy hunk of a guy that women will be attracted to. Or you drive a BMW in you're, you know, rich and maybe famous, and you like to go fast. I don't know. You know, again, I'm not so good at the

slogans. And this is where there's one of the catchphrases for this kind of thinking about beef in particular is people call it story beef, right? What's the story? And I think for alternative food, natural food organic food. A lot of it is about the story. Right. And if you look at a lot of the research out there, you'll discover that people think all kinds of things that aren't, in fact, true. You know, there's some research that says that people think that all-natural is better than organic. All natural doesn't really mean almost anything in the marketplace. We're sort of no real content there. So how can it possibly be more valuable than organic? But there's some research that shows that it means more to people. So you tell a story about your family. You could tell a story about your ranch. You could tell a story about your grandparents. You came to Colorado and homesteaded, or you could tell a story about the good fishing because there's no stream bank erosion. Or you could tell a story about the way you care for the cows and how important that is. You could tell lots of different stories, tell a story about how important it is to have a lot of beef cheek because that's what's important to feed the world. That's basically what the Beef Council does. You know, it's a different story than the kind of story we're talking about here.

[34:52 - 35:58] Hill Grimmett: And in that story, you're making a bunch of claims. You may not make them explicitly, but you're saying my beef is good for you or the land or whatever, the economy, and you can trust it because it's good for all those things and you believe in those things and we believe in those things. And we're in this together. Well, the claims and this is, this is, this is an important thing. And where it gets a little sometimes messy, I think, is you need to think about how you verify the claims. Because one of the things that happens is that people say, you know, oh, yeah, how do I know? How do I know you treat your animals well? How do I know that this is really grass fed beef? How do I know that grass fed beef is really better for you? How do I know that you didn't feed this animal, antibiotics, etcetera, etcetera, etcetera. And in this day and age, that kind of gotcha attitude is very prevalent. So one of the things. Go ahead.

[35:58 - 36:00] Speaker 1: One of the things that happens on this is--

[36:01 - 37:18] Hill Grimmett: Let me say one more thing before we go to this. But one of the things that's very much going on in the beef and this niche beef story, beef conservation, beef part of the market is, there are a whole lot of different sort of third party certifying or third party testing organizations. You probably this is the easiest to see in the marketplace in the certified organic market, right. You see a lot of products that say certified organic and there's, there's, a there's a bunch of bodies that can give that designation. And there's an explicit federal standard that you have to meet to earn that. People argue about whether it's good, bad or indifferent, but that's not the point right now. So you can find out there organizations that will certify that your beef is grass fed. You can

certify that you have animal, you know that the animal welfare characteristics of your operation are good. You can find organization-- Now, do we know much about them? I don't know all that I would want to know about the certifying organizations. But they're out there. They have customers. You can go talk to them and see their other operations.

[37:18 - 38:17] Hill Grimmett: They all charge money for it. But that's part of why you have a premium for things like organic produce, is that you're paying for that certification. And so if you're going to be, you know, if we're going to do this kind of banding together to do some kind of branded beef in northern Colorado, which is kind of where I started my thinking, one of the things we've got to think about is what are the claims? But then how are we going to verify and, you know, maybe you don't verify it first? Maybe you sort of ease into it and say, here, Mike, here are the claims I'm going to make, and here's the marketing. And, you know, once we get some consumer acceptance, then we'll do that. And that's a perfectly valid strategy. You kind of walk before you run. If you don't get a bunch of people coming along and going, got you, you're probably good for a while. And if you do, you may have made a bad choice. It's just hard to know.

[38:17 - 40:32] Speaker 1: So now the next. 2 or 3 slides are just some screenshots, basically. And Lassiter is a Colorado Operator. Our story, right? When you see a page like this, if you're thinking like I'm thinking, you're looking for certain key elements, our story, they're going to tell the story. Why beef? Why? Why do they care? And then the other thing, so now you can look at regular the prices. So for filet mignon, steaks for \$65 on sale, a pretty good price. Let's have the next slide. Here's another one. This is Country Natural Beef. This is the outfit. This is a collection of ranchers that come together under this brand name. This is the story. Our product is more than beef. The smell of sage after a thunder. You don't have to go any further than the smell of sage after a summer thunderstorm, and you get the story. It's the romanticism of the West. It's not anything about health. It's not anything about anything else except conjuring up the old cowboy movie images. Right. Now, they probably do a bunch more things trout and beaver I mean, it's just images about the West. So I thought this was a very interesting one because they're not making health claims. They're not making environmental claims. They're really conjuring up an image. Next one. And this is a completely different approach. The name of this operation is US Wellness Beef. Now, what does that tell you about what claims they decided to make? And look down here, our animals are planet you. So they're making claims about your health, the health of the animals. And the health of the planet. Do I know anything about them? No, I just sort of went googling things to come up with this stuff. You can find dozens of these things.

[40:32 - 42:08] Speaker 1: And then look at the ones at the top. About us are Farms, Your Health wellness blog, Wellness Kids, Wellness Praise, and a bunch of other stuff. Does that tell you a lot without even looking any further? Tells you a lot about what decisions they've made and whether they support them or not. I don't know. That's the part I don't know. So let's go to the next one. So I was also [inaudible], so what are some other ways forward? If you if because one of the things that I'm always concerned about is you know, how do you improve the financial return to producers, to ranchers, to farmers, to poultry raisers, to dairies and bakers. So direct sales to customers on your own. You don't have to band together to do direct sales. Right. That's what we already know from farmer's markets and Internet sales and the traditional ways of doing it. Beef producers could get involved in a CSA. There are a variety of ways you could think about doing this model. You could partner with an existing CSA or more than one and offer a beef share. And every week you pay. I don't know, you'd have to price it out. And then every week you'd get, you know, either £2 of ground beef and or maybe £2, maybe a rotate and do ground beef, steak stew, meat, ground beef, say something like that, you know, and you price it out. And that's a beef share you do one for families and one for small households.

[42:08 - 43:27] Speaker 1: Another way forward is sort of an interesting one. There's a group outside of Flagstaff, Arizona called Diablo Trust. It's a land trust. It's basically two ranches. And they have the same issue all the ranches in the West have the same issue. How do you make a buck? And the guy who's the director of the trust started a restaurant in Flagstaff. That's probably not all that different. I haven't been to visit it yet, but I'm looking forward to it. Probably not all that different from some of our new burger places around town, right? Call Diablo Burger. Diablo Trust. Diablo Burger. They sell they have a menu of about four items, you know, fries, burgers, salads, and that's about it. Now, what's the advantage of doing that? The advantage is that the same people who are supplying the beef are getting the retail value of the thing. And it's a rule in the food business that the more value you add, that is, the more preparation you do, essentially, the more profit you make. So selling a burger is way more profitable. Way to get rid of a quarter pound or a third a pound of beef than selling it in a package. And that's way more profitable than selling it as part of a side of beef or something like that.

[43:29 - 44:45] Speaker 1: And the other way I can think is with all these new burger joints in town, I keep thinking, well, I'm not sure that a new burger restaurant makes a lot of sense in today's competitive environment. I don't believe for a minute all these guys are going to survive for more than a year or two until people get tired of eating burgers and decide it's time to eat something else that we don't have, like barbecue. Oh, wait, they open for new barbecue restaurants, too. These things come in waves, you know. So I don't know if the next wave will be tofu. I don't know. So if you

don't want to open your own, what about putting and I'm actually kind of working on this one. I want to put a option right next to on the menu at Big Al's or Stuffed or Ark Burger down here. I want them to offer a option and they might have to price it \$2 a burger higher. But I bet if they promote it right, they could sell the hell out of it. So I like the would eat it. All right. Is that the end? Yes, that's the end. So there's contact information for me, and we have time for questions if you would like to.

[44:47 - 44:55] Speaker: First, let's thank you great [inaudible] [clapping]. Maybe a small group, but it's a sweet group. Now, I'm [inaudible].

[44:55 - 44:56] Speaker 1: Yeah, yeah, sure.

[44:56 - 44:58] Speaker: And I got something.

[44:59 - 45:10] Speaker 2: Back to one of your very first slides. You had five things you selected, two to talk about. And first of all, I didn't get number five.

[45:10 - 45:17] Speaker 1: Right. Let's just go back there. There we go. Thanks. That one.

[45:18 - 45:19] Speaker 2: Infrastructure.

[45:19 - 46:58] Speaker 1: Infrastructure? Yeah. One of the things that we don't know, I mean, consumers is obvious, right? Producers who are on the landscape would want to participate in this kind of joint project. Remember, this is kind of my thinking in terms of my fellowship conservation practices. We didn't get into that all in much detail. But there are a lot of things, one could do and one of the faculty people here is part of, part of related projects and has come up with a big checklist of things that people are doing and would like to do. And it gets into fairly good detail. And that would be a good way to get at some of the things. I'm convinced that if you're going to do this kind of joint marketing, you probably don't want to think about what you want to do. You want to think about what you're already doing today. Because that's an easier job to verify and make claims about them, something that you want to do and maybe a stretch that if you had more money. The market is what people might pay, and how to reach it in an estimate of the market size. And what I'm really interested in there is, you know if we did all-natural or all grass-fed beef, how many heads of cattle a year would you be able to sell and remember [inaudible]? And every time I dig a little more, the number gets bigger and bigger because I keep uncovering small producers that I didn't know about before who were selling 12 or 15 or 30 head cattle just sort of on their own. They're just doing it. And infrastructure really has to do with a couple of different things one is slaughterhouse capacity.

[46:59 - 48:14] Speaker 1: There's a whole set of issues about the economics of processing because you need a certain the regulations for USDA processing or onerous enough at a small scale. But you've got to be able to process a fairly big volume, bigger than one rancher would typically want to do, in order to be able to invest in a plant. If you were going to build a new plant, just because the requirements for the way it's constructed and all this kind of stuff are expensive. And I talked to some people in California this is a couple of years ago who started out trying to build a-- you know, head a week kind of facility. And it kept getting scaled up, and scaled up, and scale up, and scaled up because they couldn't make any money at it. And they'd finally gotten up to about 1,000 head a week. And that was the scale at which they said, if we were going to do this at all, we'd have to be that big. Now, I'm not convinced that their analysis is correct, but that's kind of one thing. Just by way of scale JBS over in Greenland, the biggest processors in the world, process is several hundred head an hour. So just to give you a sense of scale.

[48:15 - 48:15] Speaker 2: Sure.

[48:16 - 49:38] Hill Grimmett: And the other infrastructure is an interesting one. If you grew up in an old rural town, particularly in the Midwest, they lasted a little longer in some places where there were meat lockers where people would hang animals pigs [inaudible] where my family's from, southern Illinois. But beef and lamb to some extent, but pork and beef mostly. And some of those lockers had, you know, a refrigerator you could rent. For \$5 a month or whatever it was in those days, you'd buy a half beef and hang it in your own locker. Well, some people have suggested that that kind of infrastructure might be a desirable thing again, that people who don't have freezers, who don't have big places to live might find that interesting. And every time I talk about it with somebody, they point to the proliferation of places as a way to understand why people pay to store stuff. So maybe they pay to store food. So I don't know. Other questions? Yeah.

[49:40 - 49:59] Speaker: So I've heard thrown around the idea of developing a local food market. And I know there was an attempt at that with this harmony market. And I don't really know the full story of why that didn't work out. I mean, do you think that Fort Collins has the capacity to support that kind of thing?

[50:01 - 51:48] Hill Grimmett: So I'm heavily involved in that. So I can tell you more about it than we have time for. But the people who are involved in the harmony market failed after about nine months. Basically, have told me two stories. One is they were under capitalized, which is a reason a lot of businesses of any sort failed, and they had enough cash to keep them going long enough to get to profitability. And the other is that partly because they were under capitalized, they didn't hire somebody who knew how to run a retail store. And so you know, they didn't do a very good job of it. I

think there was a third reason, too, because both of those two were clearly true. I went in there a few times. And frankly, their selection of produce was lousy. It was lousy. It was displayed badly, it wasn't fresh, and I didn't buy anything. And I'm a big supporter of that sort of thing, and I just wouldn't buy it. It just didn't look good. There was a third reason, I think, and that is it was really too early that that store opened in late 2003. And it was probably too early by 3 or 4 years. So what's happening now is that my organization started running these winter farmer's markets in 2006, and I've been expanding the number each year. And we're doing that, really, as to do two things. One is to encourage producers to think about the wintertime as the time they can sell, and the other is to sort of train the consumer population. To go to the farmer's market in the wintertime. Right.

[51:48 - 52:48] Hill Grimmett: And it's the step-wise thing. You do a little bit each year, and you get a few more people and a few more vendors, and you don't try to do too much. In 2007, the city and the Downtown Development Authority, the DDA, began to talk about with us about developing a community marketplace. And it's something that's been on the DDA drawing board right from their beginning, which is in the mid '80s. Some kind of farmer's Market or something in downtown, And that project is still moving forward, moving fairly slowly. The planning group first convened in early 2008 and by the end of 2008, we kind of had a first timeline that suggested we might get it open in the first part of 2012. And I think 2014 is more realistic at this point for a whole variety of reasons and I won't go into them, but I'd be happy to talk with you separately.

[52:49 - 52:54] Speaker: And it seemed also like maybe location would be really important to that [crosstalk].

[52:54 - 52:55] Hill Grimmett: Is absolutely vital.

[52:56 - 52:57] Speaker: That having it more [inaudible].

[53:01 - 53:17] Hill Grimmett: Well, when you're talking with DDA, they have a specific footprint, and it has to be within their footprint, which is sort of downtown and then out of Mulberry. So they don't have a choice. But if you are not tied to their footprint, I think you'd still choose to put [inaudible].

[53:18 - 53:20] Speaker 1: So that's where people go.

[53:20 - 53:51] Hill Grimmett: Well, it's where the conscious consumers that you want to attract who have some habits about shopping at farmers markets. There are conscious consumers who live in other parts of town and other parts of the county but, they don't have as much habit of that going to

open air markets, even if there's been a harmony market for 20 odd years now. It's less well-attended. The vendor base is smaller and [inaudible].

[53:55 - 55:18] Speaker 3: You know, two questions about consumer choices and what you're seeing and any consumer research you've done, one has to do. You talked about the trade-off between price and these health claims, but there's also a bit of a trade-off between health and tenderness in the product because grass-fed beef tends to be less tender because it lacks intramuscular fat. Do you see any evidence in consumer surveys that that's an important value for anybody? That's question number one. And number two is, do you see any increasing tendency among computer consumers to want more verification? And I say this you and I attended the beef industry thing, and a lot of the big guys seem to be getting into you know, they see Michael Pollan as a threat. So they're going to make some of these claims, too. And Cargill bought Myers natural beef. So there's going to be a lot of natural beef out there on the market at a price less than what small producers can produce it for. And so how much of a demand is there going to be for more third-party verification? And is a trust issue going to develop as these values develop?

[55:21 - 57:21] Hill Grimmett: I think the answer to both of those questions is yes. Yes, I think tenderness is an issue. And yes, I think there's a bunch of issues about the demand for and the trusted stability of third-party certification. So on the sort of taste and texture flavor side, there is some research out there that you can find that they literally do taste testing and things like that. I don't ever know what to make of that. That's not something I know a lot about. What I do know is the stories that people like Joel Sorensen tell of, you know, a college. That went to all natural beef and got a lot of complaints because the hamburgers were tough. I don't know what a hamburger, how you could describe a hamburger as tough, but that was the story. So people think it's weird. And if you don't cook it right, maybe it tends to be drier, which I think is sort of sometimes confused with time. So I think in terms of mass acceptance. But the reality is, is we're not talking about mass acceptance. We're talking about incremental growth. I mean, we could take all the grass-fed beef in the country and double our production every two years for two decades. And we'd still probably be under 5% of the total market. So it's such a small percentage of the market that I think you have to think about it as bringing more people into the fold as opposed to competing on some kind of macro scale. And then you can think about what do you have to do. To teach people how to prepare it? How do you get restaurants to give people some familiarity with it? You know, because part of the issue, you know, is what do you do with the fact that a lot of people don't cook anymore? I mean, or don't cook? I mean-- Cooking now means you put the package in the microwave.

[57:21 - 58:58] Hill Grimmett: Well, that sort of doesn't work unless you're making, you know grass-fed beef TV dinners, which is a sort of concept that I can't even get in my mind [laughing]. I'm just so- - So I suppose that would be another way to go. You know, things you could do you could go grass-fed beef TV dinners. I'd probably be \$10 a pop by the time you were done. But on the certification front, I think it's going to get real complicated real fast. And because what you see in the beef market is the same thing you see in every other consumer market, increasing segmentation. So there are smaller and smaller niches, more and more definition between them. You know, I'm blind to the distinctions that people make in some advertising. I don't know the difference between a-- I don't know if you were advertising smartphones, I wouldn't have the foggiest idea of the difference between an iPhone and a BlackBerry. And you can go out and find all kinds of ads about that sort of stuff. I'm just blind to that difference. But so they'll be, and-- With that will come, the food equivalent of greenwashing. You know, that there will be people out there who are making claims for the industry that you and I probably don't want to trust. But what it really comes down to is your question, which I think a very interesting question, which is, sort of, what does the consumer care about?

[58:59 - 01:00:47] Hill Grimmett: And again, I think the solution to thinking about that in the short run like 5 to 10-year time period is to go back to the notion that we've got you know, we're starting so small that we can grow in absolute terms, large without sort of infringing on the larger market. And so at that point, you can sort of say if you're doing direct sale. One of the things that cuts through a lot of that stuff is the relationship that people can have with the producer. And that you might want to think about a group that's easier to manage with an individual producer if they're buying their beef from Silverdale. They have a relationship, real or imagined, that they have a relationship with the ranch. They're buying their Produce from a CSA, and they're going to the farmer. They see the farmer once a season. They have a relationship with that farmer. And I think that relationship, again, can you exploit that notion? Of course, you can. You can exploit anything. But, but, but, but approaching it as a way of building a relationship, a trusting, trustable relationship with consumers seems to me the way to cut through a lot of that. And at that point Certification becomes a way of saying we take this seriously. And when we make this claim, we're investing some time and energy and money in verifying it, because we can learn from those standards. And we can improve our operations so that if we're verifying animal welfare, we can learn how to treat our animals even better than we already did.

[01:00:49 - 01:01:09] Speaker: I wonder what role you see in, and I mentioned a college that tried. Do you think that that is a realistic option, say, CSU, to have that at least as an option in dining or even just in the student center where you have a lot of conscious [inaudible]?

[01:01:11 - 01:02:55] Hill Grimmett: I think it would be great if there were some people on this campus or elsewhere experimenting with of things to see what people wanted. Now, the problem that I see with that, that looms large pretty quickly, is cost. That the whole point of thinking about this, you know, starts from a point of view of how do you put more money in the pocket of? And that kind of goes against the mentality of the food service director or the restaurant owner who says, how do I keep my costs down, so I can either fund the food service director, not have to charge more, or if I'm the restaurant, how can I make a reasonable profit? And it's not easy to make a profit in a restaurant. So, but I do think it can be done. I mean, I think that there are Campuses where they're doing it, and it may not I don't suspect also that meat is the place to start, frankly. The price differential is higher, and it's harder to find locally processed, locally raised, locally processed meat. And it is to find locally raised vegetables. You know, so I'd start with, I mean, spoons is a good example. Tom buys much of his produce from local farmers, so he doesn't make as big a deal about that connection is I think he should. Or that he could. But those options actually mean, he represents an option right here on campus already. And sure, people could do more with that.

[01:02:58 - 01:03:04] Speaker: I'm just conscious that it's almost 10:00 [inaudible] other things to do. But let's thank you all again for a great [clapping].

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