



## Heritage Ranch Brings NM Product to Expanding Market

It was only June 4, 2010 when Joe Unger ([www.ungermeatco.com](http://www.ungermeatco.com)) brought the idea of selling source verified beef to Sysco Foods in Albuquerque. Since then, says Mike Hammond, Sysco New Mexico Vice President of Territory Sales, "Heritage Ranch has increased new business with unprecedented market share opportunities." The hottest trend for "center of the plate" is locally sourced meats according to 84 percent of chefs surveyed by the National Restaurant Association earlier this year. Heritage Ranch delivers premium source verified beef that meets the criteria chefs require to serve local beef. With the Heritage Ranch-Sysco alliance, New Mexico ranchers have the ability to be more fully integrated in the ranch to restaurant process.

"Our goal is to source from local ranchers," added James Sommer, Heritage Ranch President. Each case of beef is identified through Web site and traceability with the ranch that produced it. Fine dining establishments are then able to provide their servers with a narrative about the specific ranch and the ranching family that produced the ribeye on the evening's menu. In addition, promotional marketing materials

such as posters and tabletop placards are downloadable and may be customized for each participating ranch. There is currently an inherent connection between the source and safety of food with the majority of consumers viewing locally-grown food as the safest.

**Unger**  
MEAT COMPANY



The issue of what to do with the carcass after the high-demand cuts are sold is being addressed at Sysco through the development and introduction of pecan wood smoked beef sausage, beef hot dogs, hamburgers, chicken fried steaks, fajitas, stew meat and the smaller, in-demand "portion" sizes of sirloins and flatirons. All beef sold under the Heritage Ranch label is grain-finished and classified either choice or prime.

At this point, Sysco is adding at least one new customer "almost daily" and the company says the demand for local products is growing like crazy. Heritage Ranch beef is now available throughout the state, served at establishments from Cattle Baron in Roswell to Bobcat Bite, Bishop's Lodge, La Casa Sena and Real Food Nation in Santa Fe to Albuquerque-area establishments including Sandia Casino, Vernon's Steakhouse, Scalo, Artichoke Cafe, Seasons, Prairie Star, Range Cafe, and the Owl Cafe as well as Christina's in Durango, CO and several establishments in El Paso, TX. Flying Star is currently using 100 cases of patties per week. Sysco sees its efforts as creating a greater demand for New Mexico beef here at home.

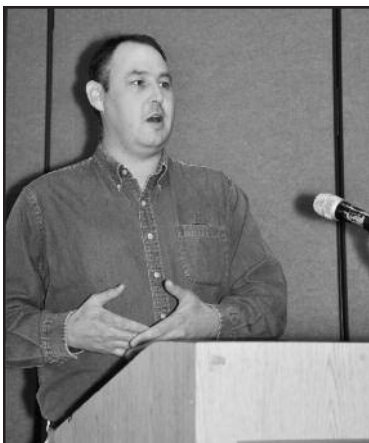
"This unique approach is what encouraged Sysco to develop New Mexico markets for the Heritage Ranch local premium beef program," said Jerry Mangham, Sysco New Mexico Protein Specialist. As Mike Hammond, Sysco New Mexico Vice President of Territory Sales stated, "The Heritage Ranch program really gives Sysco's customers what they need. The leading factor is that the people of New Mexico

are excited to have New Mexico beef available through local foodservice suppliers."

Source verification is managed through a third party auditor, IMI Global, known as "Where Food Comes From." Unger Meat Company is pioneering the rancher/meat company connection that source verifies beef production and is reaching out to ranchers to market source verified beef for local consumption. "We are pleased to offer support to ranchers for mutual sustainability," adds Heidi Green, Unger Meat Company President. Ranchers interested in learning more about the program James Sommer at 309/945-6524 or 651/366-6560. □

### Branding New Mexico Beef Update: Cost-Benefit Analysis Underway

*The following is an NMDA update concerning the ongoing discussion among New Mexico producers about the feasibility of developing a New Mexico-branded beef. The NMBC is an active partner in these discussions, with NMBC Executive Director Dina Chacon-Reitzel serving as co-chair. All aspects of the beef industry statewide were represented at the New Mexico Beef Industry Strategic Planning Summit held Nov. 18-19, 2009, at the Radisson in Albuquerque. The concept for the summit originated as a response to requests directed to the state's Economic Development Department and to state legislators to research beef processing and marketing in New Mexico to enhance the state's beef industry and rural communities. Over a year in preparation, the summit provided a forum for presenting research, raising issues and joining forces with all industry stakeholders. The development of a New Mexico beef brand was a critical focus of the summit.*



Jerry Mangham, Sysco New Mexico Protein Specialist

## Branding N.M.

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### Conducting Buyers Need Research

Through our interviews with prospective buyers, we have identified three current or potential value chains to analyze and conduct the cost benefit analysis to the producer.

#### Value Chain #1: Sysco New Mexico's Heritage Ranch Premium Source Verified Beef™ Program

Sysco New Mexico (Sysco) has developed a source verified beef program for both their foodservice and retail customers. They have a cattle buyer to purchase New Mexico Angus influenced cattle. The cattle must grade USDA Choice or higher. The cattle are then taken to Caviness for slaughtering. Unger Meat Company is the processor that cuts and packs the beef using their Heritage Ranch brand. Each box/package can then be tracked back to the ranch the cattle came from through the use of a code. Unger Meat Company supplies the steaks and boxed beef to Sysco who then sells and distributes the premium product to their foodservice and retail customers throughout the state.

The success of this partnership has not only allowed Sysco to fill a demand for a quality local beef product, but is also bringing a higher return to the rancher. Currently, Sysco is purchasing an average of 60 head per week equating to over 3,000 head per year. As Sysco continues to promote the product to more foodservice and retail accounts, the program is expected to grow tremendously in the coming year.

The New Mexico Department of Agriculture is committed to helping Sysco expand further into the retail grocery market by introducing the program to several, targeted, small to medium scale grocery chains throughout the state. Resources from NMDA will be used to fund these efforts.

The cost benefit analysis for Sysco's premium source verified beef program is cur-

rently underway. New Mexico State University (NMSU) Researcher and Professor, Dr. Jerry Hawkes, and his students have gathered information from the various partners involved and are analyzing the data to determine potential returns to producers throughout the state considering various production and market variables. The analysis for this value chain is expected to be complete by year end. The results of this analysis, and the analysis of the other value chains, will be presented and shared with our New Mexico ranchers after the project is complete.

Modeled after New Mexico's program, Arizona, Oklahoma, Arkansas, and Montana have each developed their own. Colorado will also be implementing the program in the coming months.

#### Value Chain #2: Sweetgrass Cooperative and La Montanita Cooperative Grass Finished Beef Program

La Montanita is a four-store, consumer owned retail grocery chain in Albuquerque, Santa Fe and Gallup that has been offering New Mexico organic and grass finished beef for more than five years. In January 2010, the ranch supplying La Montanita withdrew from wholesale supply. Sweetgrass Cooperative is a producer co-op of cow calf producers operating in New Mexico and Southern Colorado that has formed around a stringent set of quality standards for grass finished beef that is verified using state of the art ultrasound techniques. The resulting product is not graded choice or prime, but is represented as "premium" beef and is being well received by customers who are accustomed to receiving beef of choice grade or better.

The two co-ops have been working collaboratively to develop a marketing and distribution value chain that optimizes utilization of the entire carcass by directing appropriate cuts to retail consumers through La Montanita stores and to food service customers through the La Montanita Cooperative distribution Center (CDC).

Processing is done at Mel's Custom Meat processing, a small USDA inspected plant in Romeo, Colorado, just across the New Mexico/Colorado state line. Producers are receiving a premium of \$2.35 per pound for their beef, based on hot carcass weight calculated at time of slaughter.

Following on three years of plateaued or dwindling retail sales of two beef per week through the La Montanita Co-op stores, after just six months the current value chain partnership has enabled growth to over three beef per week despite the current economy. Projections of future rate of growth at this time are difficult to offer, but economic analysis by NMSU as part of the Federal State Marketing Improvement Program's "Branding New Mexico Beef" project should help the two co-ops to sustain further growth and support premiums to ranchers who produce cattle meeting the co-op standards.

#### Value Chain #3: Cull Cow Ground Beef Program

In every cow calf operation a portion of the cattle do not make grade for a premium program, feedlot fed or grass-finished. In addition other cows are culled from the herd for a variety of reasons. These cows are generally sold for extremely distressed prices. There has been discussion among several different groups of partners about a cull cow/ground beef value chain. The FSMIP project team has identified one such value chain but the partners are reticent thus far to become subjects to economic analysis and public release of information about their project. Through the remainder of the project period, FSMIP program staff will continue to work with this group, and to look for other working examples of a cull cow value chain.

It is intuitive and obvious that if a cost-effective way of converting New Mexico cull cows into beef can be developed, the reduction of loss in the culling process will result in an added value for New Mexico producers. □



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