

# Make a Quantum Leap

New Red Oak executive shares his thoughts on satisfying the beef consumer.

by Lisa Bryant

*Editor's note: Mike Roller, new chief executive officer of Red Oak Hereford Farms Inc., Red Oak, Iowa, has spent nearly 30 years in the food business. He has had direct experience in commodities such as cookies, crackers, snacks, sausage, cheese, yeast, beer, dehydrated vegetables and baking. He also owned and operated a specialty bakery and worked with publishing, games and toys. As he begins his position with the production and marketing arm for Certified Hereford Beef®, he shares his views on what the beef chain can learn from his experiences to better meet consumer demands.*

**I**f today's consumer was threatening to trounce the meat manager, changes would have been made in the beef industry long ago, Mike Roller said. But the fact is today's consumer isn't demanding this industry's product. "The consumer votes with her feet and finds it easy to walk over and select a product that meets her needs."

Roller believes the biggest obstacle to satisfying the beef consumer is defending the status quo. "If it ain't broke, don't fix it," is the worst possible phrase ever invented," he said. "This attitude, coupled with a resistance to change, guarantees loss of consumers."

"We must be willing to adapt our product to consumer needs if we are going to survive," Roller said. "We must learn to approach our customer just as we approach a railroad track — we must stop, look and listen."

He said we must be willing to "press flesh" with customers and discover exactly what is on their minds. Next, be prepared to respond to their desires or come back with more questions later. This process led to growth in the companies Roller previously guided. He said his companies never took for granted that what happened yesterday would work today. Instead, they adopted the philosophy "I am going to pursue the possible instead of defending today."

Because consumers' needs change so often, a company must struggle daily to meet those shifts. Responding to consumers requires anticipating a consumer's needs and adapting to serve those needs.

All indications show that beef consumers' lifestyles and buying patterns are drastically and continually changing. Roller thinks a group of consumers exists that still has a basic understanding of beef issues and preparation. However, another group, which has been growing dramatically over the last 20 years, is fresh-beef-illiterate. This group doesn't know where beef comes from, what to buy or how to prepare it. Even more alarming, Roller believes this group is growing. A variety of knowledge and skills lies between these two groups. Roller reminds the beef producer that his product must fit the lives and needs of all existing groups or risk losing additional marketshare. Roller believes intimate knowledge of all consumer groups is necessary to meet their ever-changing demands.

His experience demonstrates that for companies

to succeed, they must truly understand both customers' and consumers' needs, rather than just sell what they have. "The companies that win study their customer and walk in their customer's shoes and do a little brain bending to determine what kind of threats and opportunities may exist for the customer," Roller said. "Then they modify what they have to offer and provide solutions to the customers' problems."

Roller said representatives from some of his former companies told their retail customers they did not know about themselves. The customers' astonishment led them to listen and they became aware that the suppliers knew their businesses better than anybody else. He said it's easy to gain a customer's business when you define problems, discuss what's possible and offer solutions.

By solving a customer's problems, your business also grows. "Who else would they want to work with but somebody who is aggressive in their problem solving?"

Roller said successful beer companies solve problems by constantly adapting product messages to new consumers. He thinks a brewery that has played the same theme for the last 50 years will soon be out of business, much like the beef industry could be if it resists change. However, the ones that adapt messages to their audiences will realize greater success. "Successful ones have positioned their product to give targeted consumers the permission to believe their

beer most closely aligns itself with the consumer's desired identity," he said.

To better align beef with our consumers, Roller said the beef production and marketing system must improve product consistency. Consistency equals quality in any business, and the consumer's beef experience must be



*Mike Roller thinks the high price of our product has been overemphasized and value has been understated. We must deliver a product that a consumer wants in an acceptable price bracket. For some cuts and situations, that may be a cut at \$10 per pound, or at \$1.29 per pound for others. However, every cut doesn't need a lower price. It needs to match its target market.*

constant from one sitting to the next. If you eat at any McDonald's in the U.S., the experience will be comparable to any other McDonald's. The beef chain must have similar control over its product in order to survive.

This branding by companies such as McDonald's and Coca-Cola adds product confidence. Roller watched the cheese business grow from a commodity to a branded product while working in the business. Unlike yesteryear when 40-lb. wheels of cheddar were available, today's consumer can purchase name brands of value-added packages of shredded cheddar that are better positioned to meet their needs.

At some point, every business Roller has worked in evaluated its meaningfulness to the consumer. If it was not meeting demands in the consumers' present and future lives, the company looked at what it and its competitors were doing. To add value to beef, we must learn from other meat products that are already in advanced stages of satisfying their customer's focus. Roller said breakthroughs for poultry occurred by solving the challenges of the gatekeeper — the retailer. In past decades, grocers received full beef, pork and chicken carcasses. The store was basically a fragmenting location.

The poultry industry solved this problem by sending portioned cuts to the retailer. When stores no longer needed to break down poultry carcasses into individual cuts, store the product in coolers and hire the skilled workers that they had in the past, they realized tremendous savings, much of which they passed on to the consumer. Portioning allowed larger quantities of more popular cuts to be supplied with less waste at lower costs to stores.

In contrast, most beef is still sent in large wholesale chunks. If the beef industry simplified their gate-keeping problem, as the poultry industry did, the retailer would probably be more cooperative and enthusiastic about working with the product.

Unlike retail grocers, the restaurant industry has not suffered as much because of its informed purchases and preparation practices. Restaurateurs are competent enough to handle beef as it is presented and know what to do with it once they have it, contrary to many retail consumers. "I think we should all be taking a deep sigh of relief that the foodservice operator is having a positive experience and is reminding consumers regularly that beef is a good experience so that they don't turn us off completely until we get some of our problems resolved."

To tie the chain together and create a positive beef experience, Roller believes the process must be integrated to unite production, feeding, slaughter and processing into a well managed and hygienic scenario. The producer must breed animals that produce the most palatability. The feeder must know that feeding time affects end product. The packer must realize his handling of the animal affects end quality. Fabrication and processing personnel must enhance and add value. "When all of these roles are connected in some vertical fashion, whether owned by one organization or within a group of partnerships, we can produce an extraordinarily better, more palatable eating experience." If each level does not solve its problems and fails to create an open, trusting dialogue, the result could be tragic.

He said his former baking company took control of the raw material from the seed level to the end product. Genetic management continued through each level to ensure the flour had particular characteristics that assured a better cracker in the end. Beef producers must do the same.

Some individuals are attempting a total management process. However, Roller said the effective beef model has not yet been

## Constructing the Industry Model

"It's either a blessing or a curse," Roller said, "but I have always been able to clearly see the possible. I work hard to put tangible things around my vision, create pictures for others and explain what can be, and what we're capable of accomplishing as a group."

He said the missing pieces of his career goal have been put into place with Red Oak, that is, putting together the reality of conception to consumption for an important product.

"What I want to do is astound the beef industry — to have others say 'I didn't know that could be done!'" With the strong foundation that CHB already has in place, he believes fine-tuning the fulfillment chain can make his dream reality.

"Branded beef is the possible that nobody's done yet," he commented. "And there's some not yet invented, breakthrough stuff that can lead to some first class marketing of the finished product."

Instead of envisioning CHB in terms of volume, Roller ascribes to industry position. He believes the people who make CHB successful will be seen as pioneers that change the direction of the fresh meat business forever.

He said he is too impatient for his plan to take long. "What we want to achieve is not going to take my lifetime because I'm not going to accept the delay. I think that we can sit back a couple of years from now and experience a creation of ours that is so extraordinary that both the people participating and consumers will be delighted by what we did."

"Maybe we're the next wave in beef marketing. The potential is there, but we have to make it happen. If I didn't believe the potential for enormous success was there, it wouldn't make any sense to waste anybody's time pursuing it." HW

established. Two or three beef marketers are going to have to break from the herd and actually create this success. Then other followers in the herd can scurry to imitate the same model. The ones straggling behind will become dinosaurs. When the new model is implemented, he thinks positive change for beef will be so rapid it will scare some.

What's needed are major improvements in product performance. Today's beef marketer is not going to solve the industry's problems by thinking that if he works hard, he can increase beef's retail shelf life from three days to four. In today's environment, incremental change has little reward due to the ease of others catching you. "When you make quantum leaps, it becomes enormously difficult to catch you." If your leap doesn't work, be willing to recognize this and change the plan.

For the beef business to survive, change is mandatory. Believing a disenfranchised consumer cannot be brought back into consumption guarantees a continued decline in marketshare. "Our challenge is to define what it's going to take to get consumers back and go do it. More of the same business as usual is going to have a predictable negative outcome, and no one in the beef fulfillment process is going to like that result."

"To be successful, you can't follow the rules and do what everybody else is doing. To make quantum leaps, you must take a new direction. When the people involved get up every morning and ask what they can do better, who's going to catch the industry?" HW