

The American Lamb Industry Roadmap Project



Draft Final Report
September-October 2013

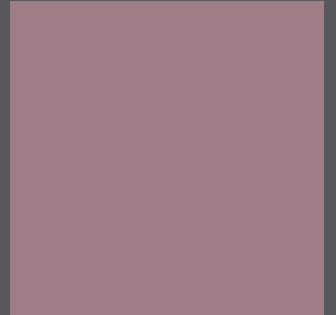
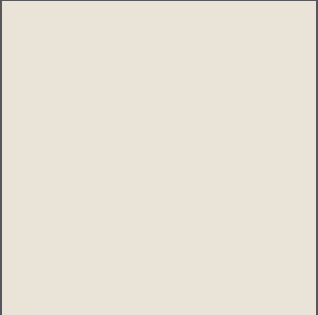
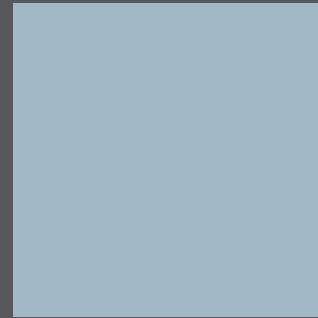
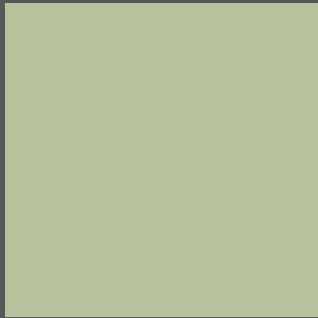
The **Hale** Group

Mapping Success in the Global Food System



Sections of this Presentation

- Project Background
- Situation Analysis – The Traditional Industry
- Situation Analysis – The Non-Traditional Industry
- Goals and Objectives
 1. Product Characteristics
 2. Demand Creation
 3. Productivity Improvement
 4. Industry Collaboration
- Action Steps
- Execution Process



Project Background



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Purpose of this Assignment

To identify and analyze the major challenges facing the American lamb industry, to propose the most effective solutions to those challenges, and to develop a strategy for the industry that will strengthen its short-term and long-term competitive advantage and return the industry to consistent profitability.

The Scope of this Assignment

This project is designed for the sheep sector that produces lambs for meat and aims to achieve a significant source of net income from its sheep operation.

This project is about how to strengthen the for-profit, lamb-for-meat industry in the U.S.

Purpose of this Draft Presentation

**To provide the American Lamb Industry
with recommended action steps for consideration prior to
finalizing the Lamb Industry Roadmap.**

The Essence of this Effort

- This is not a project with an end point.
- This is the beginning of a process.
- A report will be produced, but that is a means to an end.
- The objective is to stimulate collaborative industry action to reverse the decline in the American lamb industry.
- The final report will be the starting point; however, the Roadmap will change as conditions change and as the industry learns more from its implementation efforts.

Level of Detail

- This presentation provides more detail than the Progress Report.
- This report has also added some new material that was not in the Progress Report.
- A PowerPoint presentation can hit the highlights, but has difficulty in providing all the details.
- A written report at the end of the project will provide more detail.

The Use of Working Groups

- A 19-person Industry Advisory Group was appointed to guide this project.
- In its first meeting, the Industry Advisory Group identified five major areas for research and investigation:
 - Awareness and Promotion of Lamb
 - Meat Quality and Consistency
 - Productivity Improvement
 - Seasonality Management
 - Information Transparency and Industry Collaboration
- Each member of the Industry Advisory Group was assigned to one of five small Working Groups.
- Each Working Group addressed one of the above topics.
- These recommendations are based heavily, but not exclusively, on the Working Group participants' work.

Members of the Five Working Groups

Awareness and Promotion

- Reed Anderson, Oregon
- Nick Forrest, Ohio
- John Oswalt, Michigan
- Gary Pfeiffer, California

Meat Quality and Consistency

- Richard Drake, Colorado
- Bill Fosher, New Hampshire
- Dennis Stiffler, New York
- Henry Zerby, Ohio

Seasonality Management

- Dan Lippert, Minnesota
- Frank Moore, Wyoming
- Butch Theos, Colorado

Productivity Improvement

- Richard Hamilton, California
- Burdell Johnson, North Dakota
- Kathy Soder, Pennsylvania
- Clark Willis, Utah

Information Transparency & Industry Collaboration

- Greg Ahart, California
- Greg Deakin, Illinois
- Clint Krebs, Oregon
- Pierce Miller, Texas

Feedback About the Progress Report

- “It’s too polite. It doesn’t describe the lamb industry’s situation bluntly enough.”
- “The Industry Advisory Group, representing different industry sectors, will find it difficult to reach consensus.”
- “The Hale Group should give their recommendations based on consulting in many other agricultural sectors.”

Therefore, this presentation is more blunt, and the recommendations are those The Hale Group proposes based partially on input from the Industry Advisory Group and the industry at large, but also based on The Hale Group’s professional experience.

Proposed Schedule for Remainder of Project

Aug 27 – Sep 19	Sep 20 - Oct 31	Nov 1 - 30
<h2 data-bbox="183 429 583 554">Advisory Group Input</h2> <ul data-bbox="117 596 633 1103" style="list-style-type: none"><li data-bbox="117 596 633 701">■ Review The Hale Group draft presentation<li data-bbox="117 743 633 903">■ Decide on changes to be made prior to industry review<li data-bbox="117 946 633 1103">■ Make revisions to draft presentation for industry distribution	<h2 data-bbox="890 429 1136 554">Industry Comment</h2> <ul data-bbox="720 596 1306 1160" style="list-style-type: none"><li data-bbox="720 596 1306 761">■ Solicit widespread reaction to draft report as revised by Advisory Group<li data-bbox="720 803 1306 1018">■ Conduct targeted conference calls on specific parts with participants who will implement<li data-bbox="720 1061 1306 1160">■ Improve recommendations and action steps	<h2 data-bbox="1508 496 1676 554">Report</h2> <ul data-bbox="1373 596 1783 1189" style="list-style-type: none"><li data-bbox="1373 596 1783 646">■ Write final report<li data-bbox="1373 689 1783 846">■ Prepare final PowerPoint presentation<li data-bbox="1373 889 1783 989">■ Distribute report to the industry<li data-bbox="1373 1032 1783 1189">■ Make presentation at Sheep Convention

Use of Terms in this Report

Market Channels of the American Lamb Industry

Traditional Market Channel

- Producers and feeders sell live lambs
- Packers and fabricators sell meat to retailers and foodservice firms
- Consumers buy lamb meat from retailers and foodservice firms
- The markets set prices

Non-Traditional Market Channel

- Producers sell meat or live animals directly to consumers or retailers / foodservice operators
- Producers use custom slaughters / fabricators
- Producers produce to consumer expectations
- Producers usually negotiate reasonable, stable prices

Use of Terms in this Report

Market Segments of the American Lamb Industry

Ethnic Market Segments

- Muslims
- Mediterranean peoples
- Hispanics
- Hindus
- Other ethnic groups that eat lamb regularly

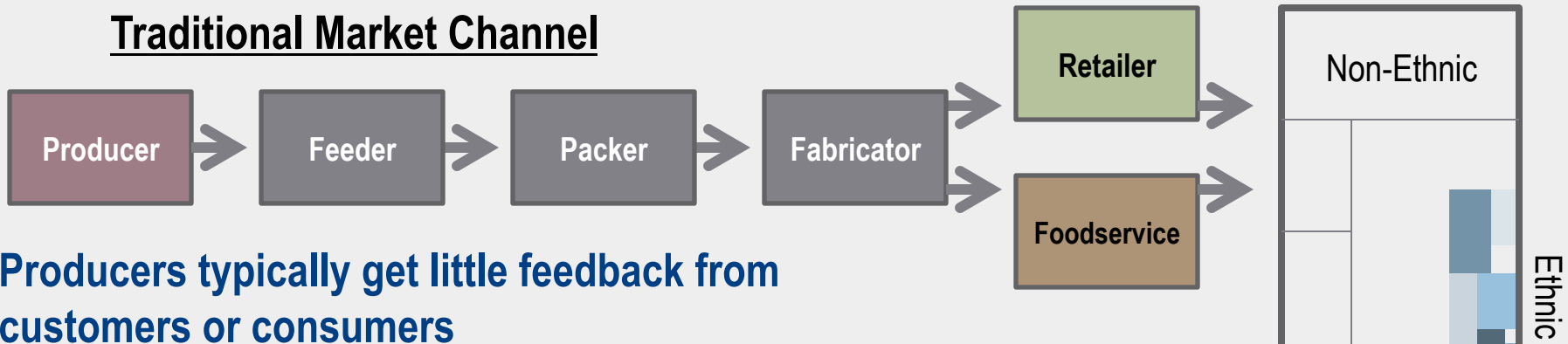
Traditional Market Segments

- All other population groups not included in the “ethnic” groups

Note: Ethnic people buy in BOTH the traditional channel and the non-traditional channel.

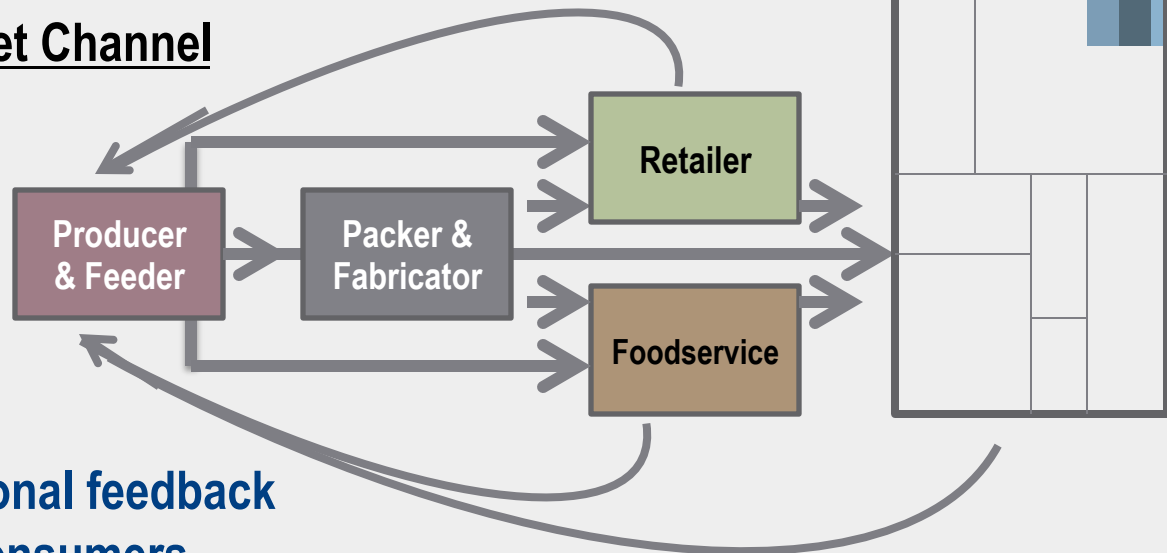
Typical Flow of Product and Relationships

Traditional Market Channel



Producers typically get little feedback from customers or consumers

Non-Traditional Market Channel



Producers get direct, personal feedback from customers and / or consumers

Vastly Different Segments of the Industry

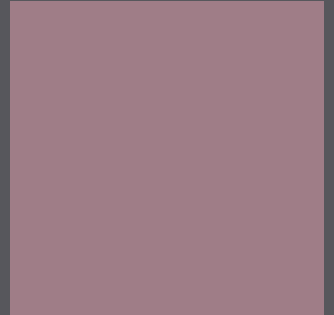
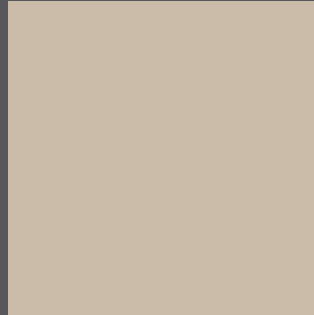
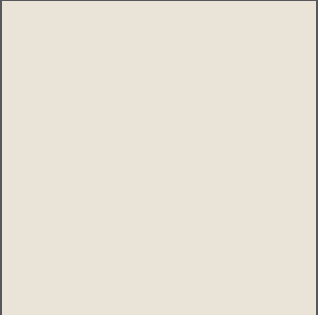
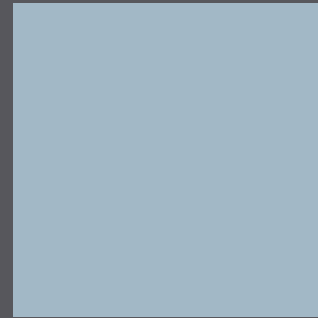
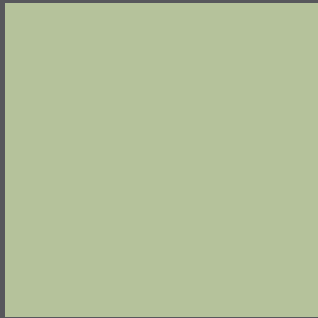
Traditional Market Channel

- Produces the larger volume
- Many producers do not get paid for delivering high quality carcasses
- Has experienced a long decline in production
- Has experienced highly variable profitability

Non-traditional Market Channel

- Produces a smaller volume
- Producers get personal feedback on what consumers want
- Are growing rapidly – can't keep up with demand
- Experienced much less price volatility at levels they can be profitable on a regular basis

These two segments are hardly in the same industry.



Situation Analysis – Traditional Industry

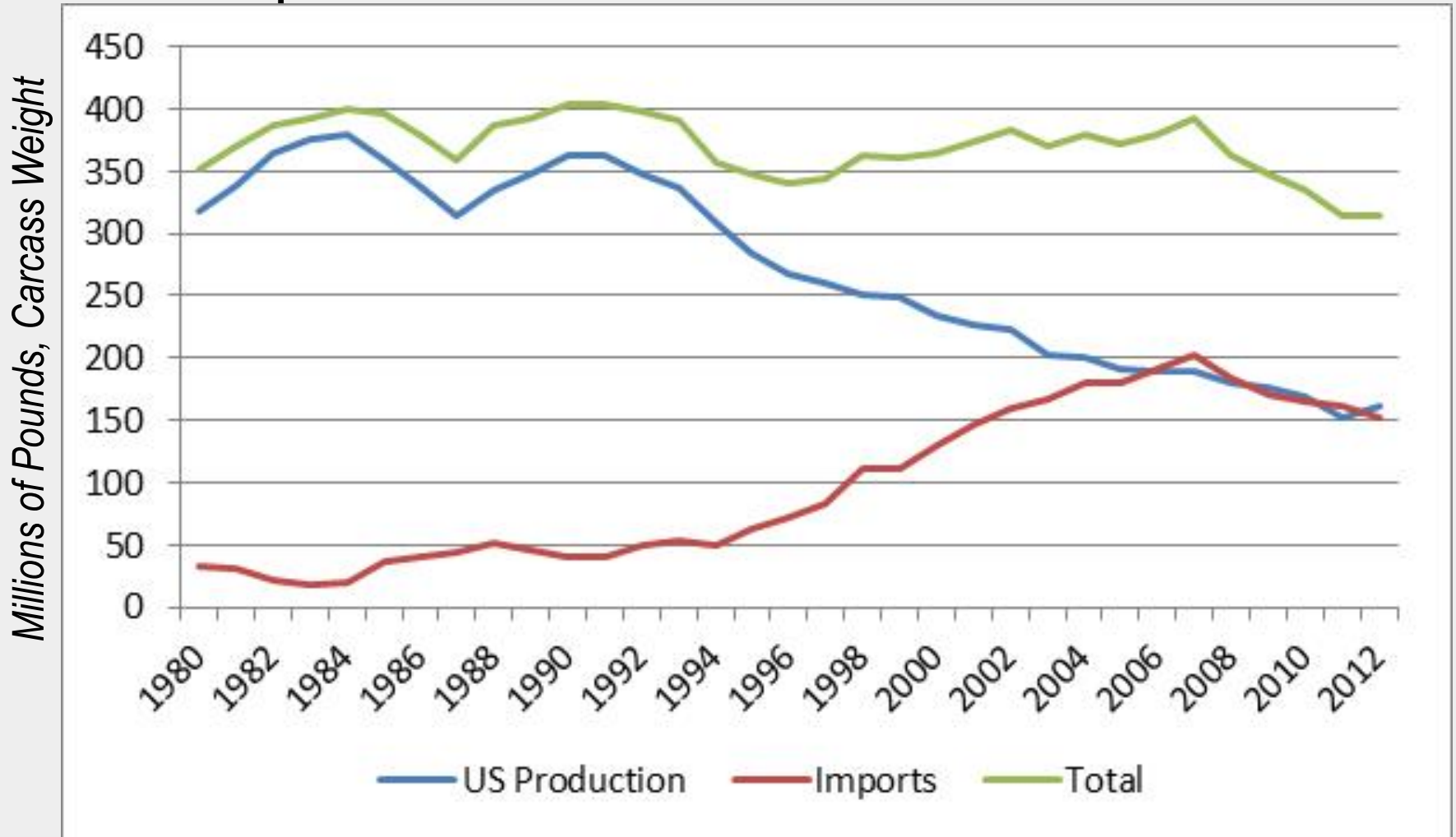


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Mapping Success in the Global Food System

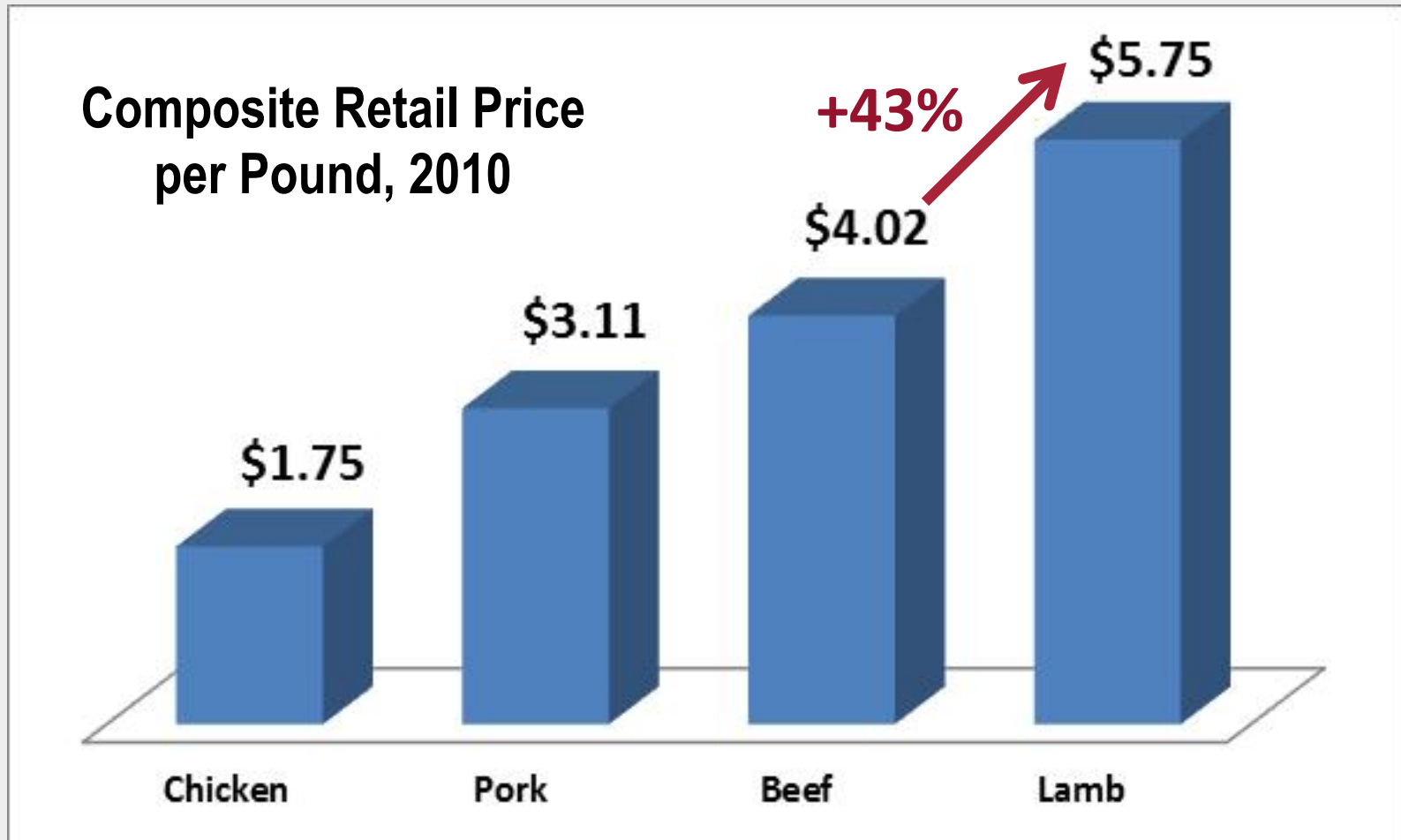


Industry Challenge: Decline in U.S. Lamb Consumption



Source: USDA, Economic Research Service

Industry Challenge: High Price Compared to Other Meats



The year 2010 was selected to avoid 2011 with very high lamb prices and 2012 with very low prices.

Source: USDA, Economic Research Service and Fresh Look reports

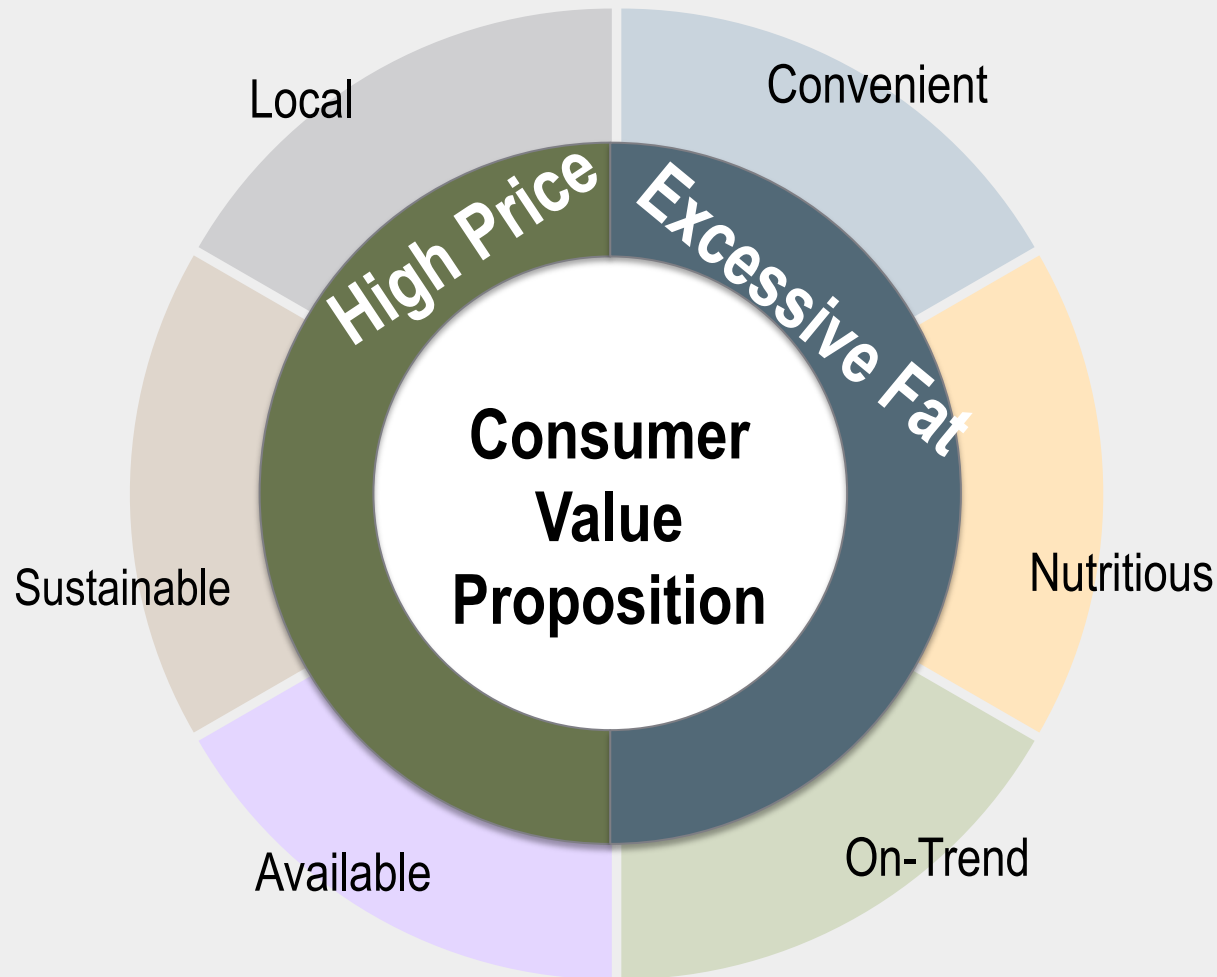
SWOT Analysis of Traditional Market Channel

Strengths	Weaknesses
➤ Lamb meat is flavorful	➤ Lamb meat is high priced
➤ Lamb has highly desirable nutritional profile, esp for women and elderly	➤ Lamb meat quality is quite variable, especially too fat
➤ Satisfies consumer desire for food variety	➤ Industry has limited funds for promotion
➤ Geographic dispersion makes direct marketing more viable	➤ Price discovery and reporting are not efficient and transparent
➤ Can be finished on grass or corn	➤ Consumption of U.S. lamb has been declining for decades
➤ Fresh product availability	➤ Limited value added offerings versus other proteins

SWOT Analysis of Traditional Market Channel

Opportunities	Threats
➤ Capitalize on lamb's unique flavor and consumers' desire for variety	➤ Imported lamb is more consistent
➤ Position lamb as "the premier" meat	➤ Reduction in Federal grazing land or significant increase in fees
➤ Promote the health qualities of lamb	➤ U.S. consumption of all meat is flat to declining
➤ Ethnic markets have room to grow	➤ Credit is increasingly difficult to get for producers
➤ Capitalize on market for "local food"	➤ Some retailers could discontinue carrying lamb
➤ New products / innovation	➤ Loss of additional processing capacity

Value Proposition of Traditional Channel Must Change



Two Visions for Future for the Traditional Channel

**Aggressive
Change**

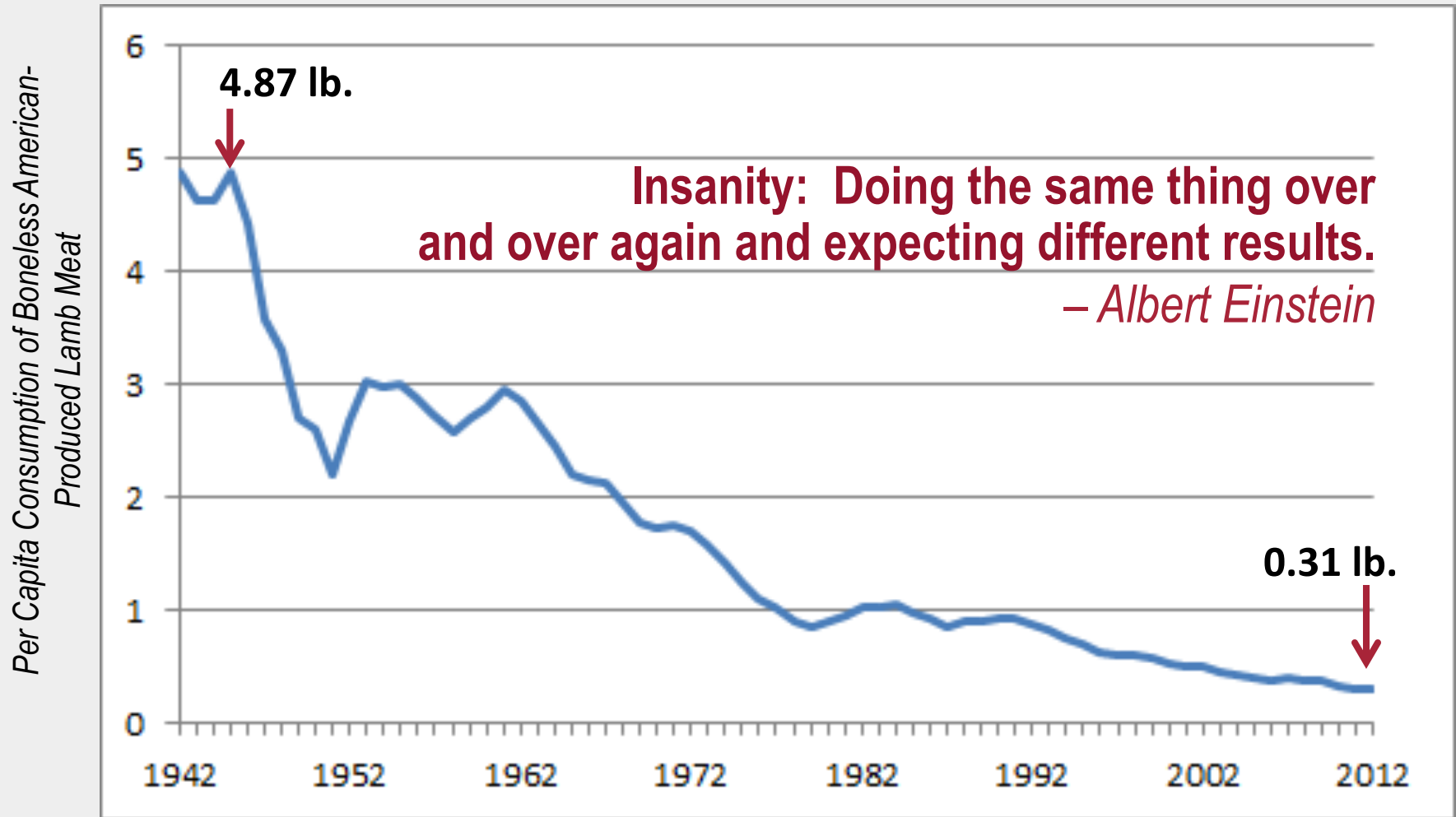


**We've Always
Done It This Way**

- Major change in the way the industry works
- Investment in the future
- Growth in U.S. production
- Profitability

- Further decline
- Collapse of supporting infrastructure
- Imports grow to 80%+ of U.S. consumption
- Mass exodus from the industry

Consumption Decline of American Lamb Meat



Source: Economic Research Service, USDA, supply and disappearance data

5 and 10 Years from Now without Aggressive Change

5 Years From Now

- Imports are 80% of U.S. consumption
- American lamb prices remain low
- Many commercial producers exit the U.S. lamb industry
- More industry infrastructure leaves
- The traditional marketing channel is on verge of collapse

10 Years From Now

- The traditional marketing channel has collapsed
- No large packing plants
- The non-traditional marketing channel is very profitable and has grown dramatically
- Small, regional packing plants have expanded
- Consumption of American lamb is starting to grow from very low base

A Vision for 10 Years from Now with Aggressive Change

- An industry highly responsive to consumer demands and market shifts
- Achieve a significant increase in demand within 10 years.
- Dramatic reductions in fat content of lamb and improvement in product consistency
- Majority of lambs sold on value-based pricing system
- A more collaborative, coordinated industry with industry leadership driving change
- Every sector of the industry experiences consistent profitability and makes investments in the future

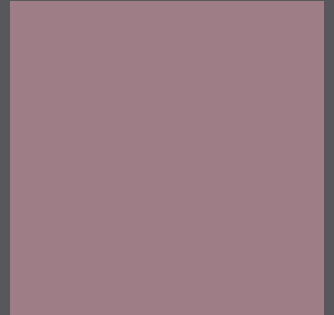
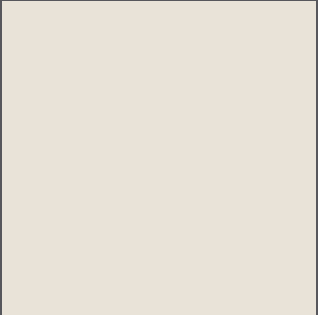
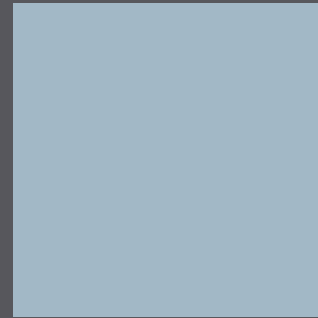
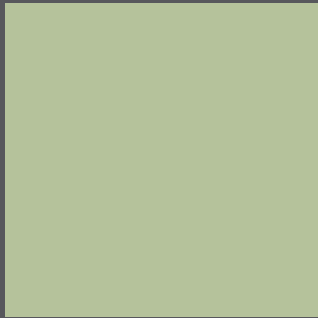
There is hope. The traditional market channel for American lamb can grow and become profitable if it changes.

Conceptual Changes Required in the Sheep Industry

- Consumers' definition of value must drive the entire industry.
 - Eating experience
 - Price
 - Availability
 - Convenience
- Producers must view themselves as being primarily in the meat business, not primarily in the lamb or wool business.
- All industry participants must be paid based on quality, not just quantity.
- The industry must be profitable on purely economic terms with no expectation of future financial support from the government.
- Sheep producers must make decisions based on “the numbers” and sound analysis, not tradition or intuition.

Conceptual Changes Required in the Sheep Industry (cont'd)

- The American lamb industry can be and must be a world class competitor in global lamb production.
- The sheep industry must make productivity improvements rapidly to “make up for lost time” in comparison to foreign producers.
- Longer-term, collaborative relationships between all industry sectors must characterize the industry rather than short-term profit taking.
- Every sector is vitally important and must be profitable.
- Participants must take the long-term view, instead of maximizing short-term profit today.



Situation Analysis – Non-Traditional Industry



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Background

- Very little quantitative data is compiled on the Non-traditional market channel
- The Hale Group's research was conducted primarily through:
 - A large number of phone interviews with participants
 - A smaller number of “on-site visits”
- While much of the research was focused East of the Mississippi River, the findings were supported by interviews with participants in the Midwest and West Coast as well
- There are participants in the traditional and non-traditional market channels in:
 - East Coast
 - Midwest
 - West Coast

Characteristics of Direct Marketers

- They are primarily lamb marketers and entrepreneurs
- They are lamb producers secondarily
- Find and service the heck out of their markets & customers
- Know their markets and customers intimately
- Some are newer to the business
- Passionate about providing a premium product with a credible, authentic story behind it
- Fiercely independent

Layers of Niches and Micro-Niches

- Entrepreneurial lamb producers have been ingenious and innovative at finding their way to market
 - “We are a disparate group of entrepreneurs. We’re on our own, and it has worked for us.”
 - “Less about being lamb producers, and more about being niche marketers, finding an opportunity, finding ways to fill demand and make money.”
- Marketing is mostly done in an un-organized yet effective fashion
- Somewhat difficult to place the markets in clearly defined categories
 - Ethnic encompasses multiple sub-markets
 - Fine Dining splinters into different menu types
 - Direct marketing is accomplished in many ways

Layers of Niches and Micro-Niches

- Nearly all lamb marketers do all the work to get their product to market on their own
 - Processors are not part of the marketing effort – act only as the co-packer
- Lamb producers own the relationship with the buyer
- Some efforts have been made to bring some producers together, but usually to secure more lambs, not to jointly market
- Nearly every producer was naming their own customized price for product
 - “My buyers don’t care about market price, they accept my price, which gets them the lamb they want.”
 - “I haven’t raised or lowered my price in three years. Each of those years I have made money and have never lost a customer due to price.”

Layers of Niches and Micro-Niches

Examples of target markets from interviewees

- Not all ethnic markets are the same . . .

Ethnic	Muslim	Hispanic	Hindu	Eastern European	W European
	Middle East	Mexican	Indian	Caucus countries	Greek
	North African	Central American		Bosnia	Italian
	Central Asian	Cuban			
	African-American	So American origins			
	Lebanese				

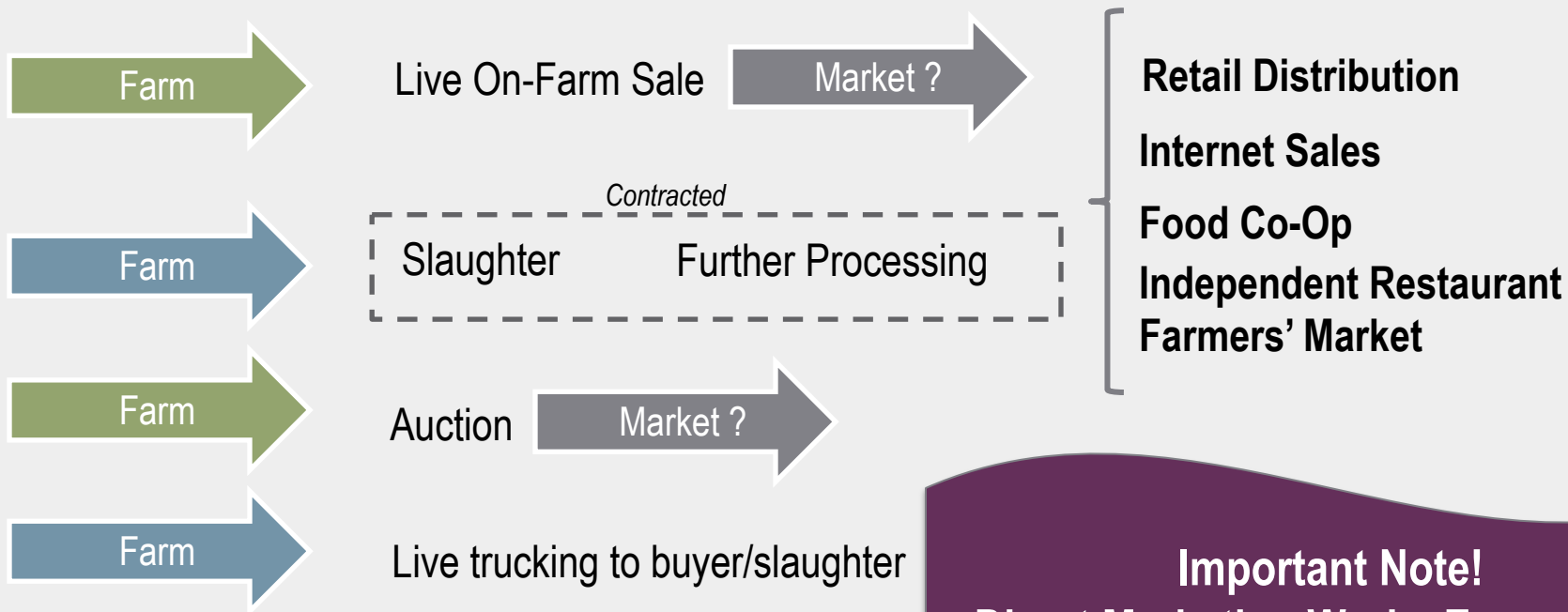
Layers of Niches and Micro-Niches

Examples of target markets from interviewees

Premium Markets	Fine Dining	Specialty Retail
	Independent Operators	Whole Foods
	Hotels/Catering	NYC boutique retail
	Resorts	Regional Upscale Chains
Direct Marketing	Individual Approaches	Joint Approaches
	Farmers Markets	Co-ops / Centralized Distribution
	On-the-farm	Local / sustainable marketing efforts
	Internet sales	
	Special events (family outings, weddings)	

Paths to Market – There are Many . . .

- Direct marketers use a variety of channels and approaches to get to market. These are some of the ways direct marketers sell:



Descriptors of Direct Marketers



Non-Traditional Marketing

- The characteristics describing the Eastern producers/marketers are not unique to them
- It is a mindset rather than something specific to the non-traditional marketer
- Proximity to ethnic groups, access to consumers, and diverse marketing channels exist in other parts of the country
- The decision to pursue these non-traditional channels is a personal preference, rather than an exclusive opportunity available only to a small group of producers

Attractive Opportunities Exist

Two common themes emerged from nearly the entire pool of interviewees – demand outstrips supply and there is little price sensitivity

- “I put the sign out front, and the buyers just show up.” – Maryland
- “I don’t think in terms of \$/lb. I have to think \$/head like my customer, and at \$150/head I don’t have to worry either.” – Virginia
- “We should pull back on marketing to the general public. The heavy consumers of lamb are growing on their own.” – New York
- “We don’t have enough supply to keep pace.” – Maine
- “There is a severe shortage of fresh lambs in the Miami market.” – Florida
- “I have never dropped my price in the last two years, and I have never lost a customer.” – Massachusetts

Industry Challenges for Direct Marketers

- As a result of the independent, entrepreneurial efforts of marketing lamb, one of the challenges is that the Eastern US lacks a strong leader or leaders that can drive initiatives on a larger scale.
 - “Not many of us trust each other.”
 - “I have a good market; would rather do it myself.”
 - “Many producers will not come together to grow their niche to its peak, as they like the money they are making.”
- Many efforts have been tried to organize producers into a marketing pool or loosely structured group, yet many of these lacked a leader who could keep producers focused and committed to serving their niche.
 - “Producers stray to the highest price.” – Virginia co-op effort

Industry Challenges for Direct Marketers

- “There is too much influence from the club lamb / show sheep community on the industry.”
 - Identity of animal’s genetic performance vaporizes
 - Does little to encourage new producers. Few young people stay in it after college
 - “Complete disconnect between what show circuit and seed stock producer does and what I need.”
- No effort to focus on what commercial producers need to improve meat quality, yield, taste, etc.
 - Emphasis on wool in the Northeast – its an easier path to manage
 - “No standards beyond yield grades (which aren’t used to pay producers) and we should therefore expect wide variability.”

Non-Traditional Channel Faces Some Similar Challenges

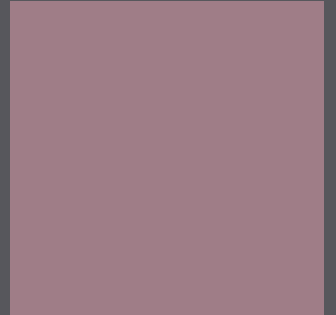
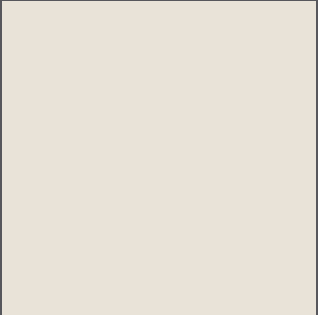
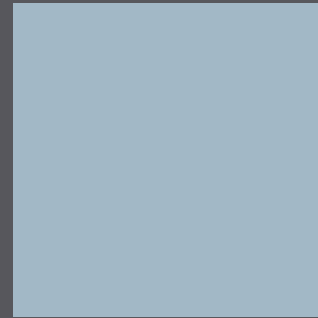
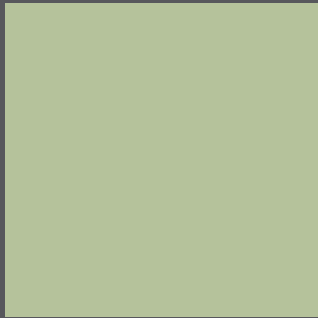
- Loss of basic research and support infrastructure
- Un-filled university and extension positions in sheep/lamb production
- Loss of flocks at universities – Cornell's flock of 300 ewes latest at risk
- Research funding directed to biomedical work, not basic research
- Few trained in basic husbandry, e.g., shearing
- One scientist funding graduate work with his own personal money
- Research results not being fully communicated to producers
- Highly customized, small scale work, reflective of the resources available and the size of the industry it serves

SWOT Analysis of Non-Traditional Market Channel

Strengths	Weaknesses
➤ Lamb meat is flavorful	➤ No collaborative effort to maximize market potential
➤ Producers give customers the quality they want	➤ Limited scale, leverage
➤ Pricing is generally stable with all participants making a profit	➤ Different marketing messages – potential to confuse consumers
➤ Market growth rate is believed to be very attractive (though not quantified)	➤ Constraints to slaughter / fabrication capacity
➤ Lamb has highly desirable nutritional profile, esp for women and elderly	➤ Seasonality of business still effects some markets
➤ Participants tend to adapt to change quickly	➤ Capital constraints
➤ Short distances to target markets	➤ Lamb is sometimes only a portion of the total enterprise and the owner's focus

SWOT Analysis of Non-Traditional Market Channel

Opportunities	Threats
<ul style="list-style-type: none"> ➤ Ethnic markets have room to grow / favorable demographics exist in the US 	<ul style="list-style-type: none"> ➤ U.S. consumption of all meat is flat to declining
<ul style="list-style-type: none"> ➤ Capitalize on market for “local food” 	<ul style="list-style-type: none"> ➤ Importers could move faster than entrepreneurs, stealing share and profits
<ul style="list-style-type: none"> ➤ Capitalize on lamb’s unique flavor and consumers’ desire for variety 	<ul style="list-style-type: none"> ➤ Increased regulations imposed on these smaller players
<ul style="list-style-type: none"> ➤ Position lamb as “the premier” meat 	<ul style="list-style-type: none"> ➤ Potential unfavorable reports on local lamb production or processing practices or conditions
<ul style="list-style-type: none"> ➤ Promote the health qualities of lamb 	<ul style="list-style-type: none"> ➤ Inability to secure enough lambs with desired quality characteristics



Goals and Objectives



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Structure of the Roadmap

- **Goals:** high-level desired industry accomplishments
 - **Objectives:** medium-level accomplishments required to achieve the goals
 - **Action Steps:** specific activities needed to accomplish the objectives
 - » Actions
 - » Timeframe
 - » Activity Captain
- The role of the Activity Captain is to **lead** that specific action step, not necessarily **do** the work all by themselves, or fund the effort.
- Activity Captains can seek funding from any source and seek information and personnel support from any industry participant.

Implementation of the Lamb Industry Roadmap is an industry-wide, collaborative effort.

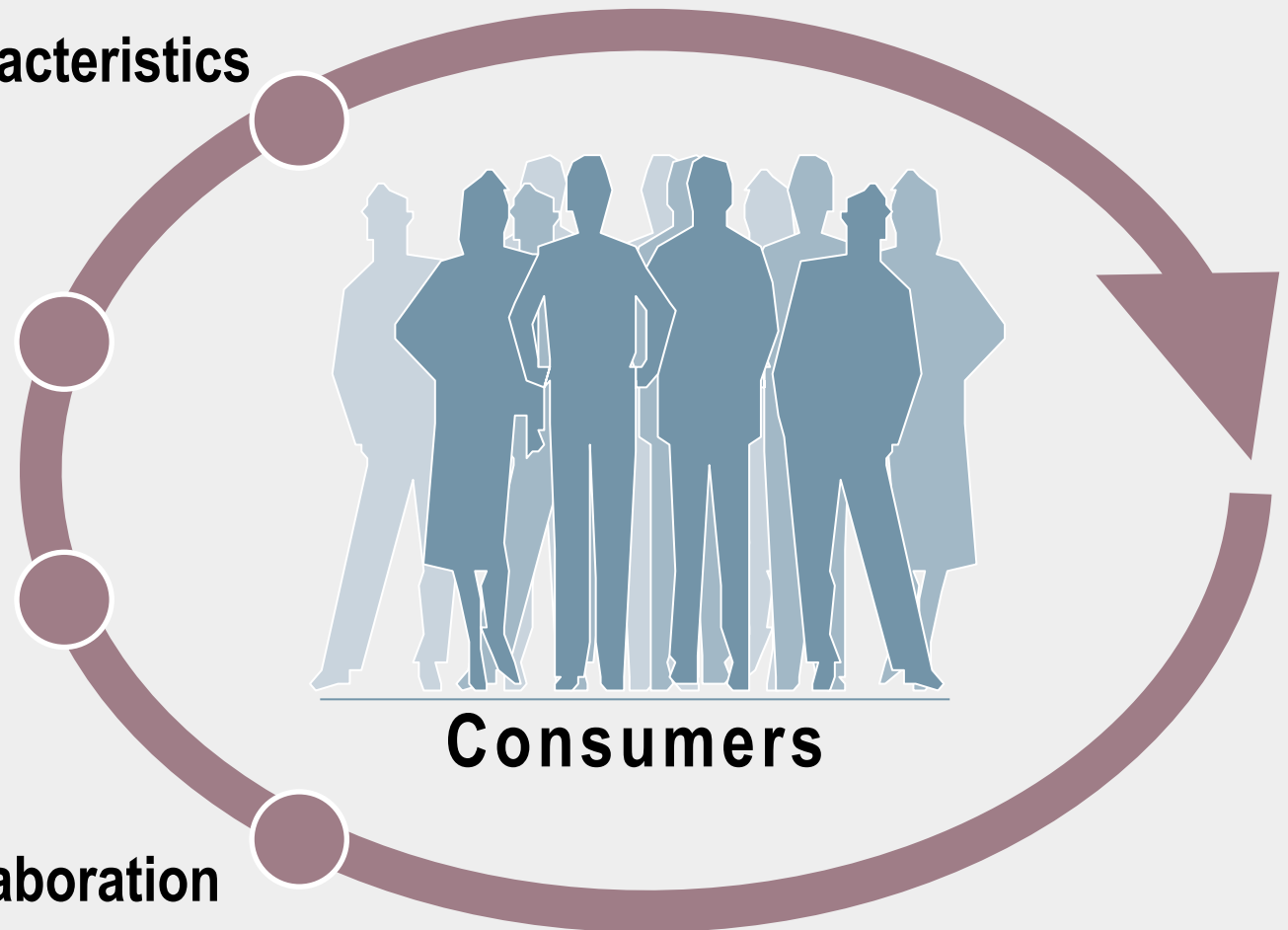
The Four Major Areas Requiring Industry Goals

1. Product Characteristics

2. Demand Creation

3. Productivity Improvement

4. Industry Collaboration



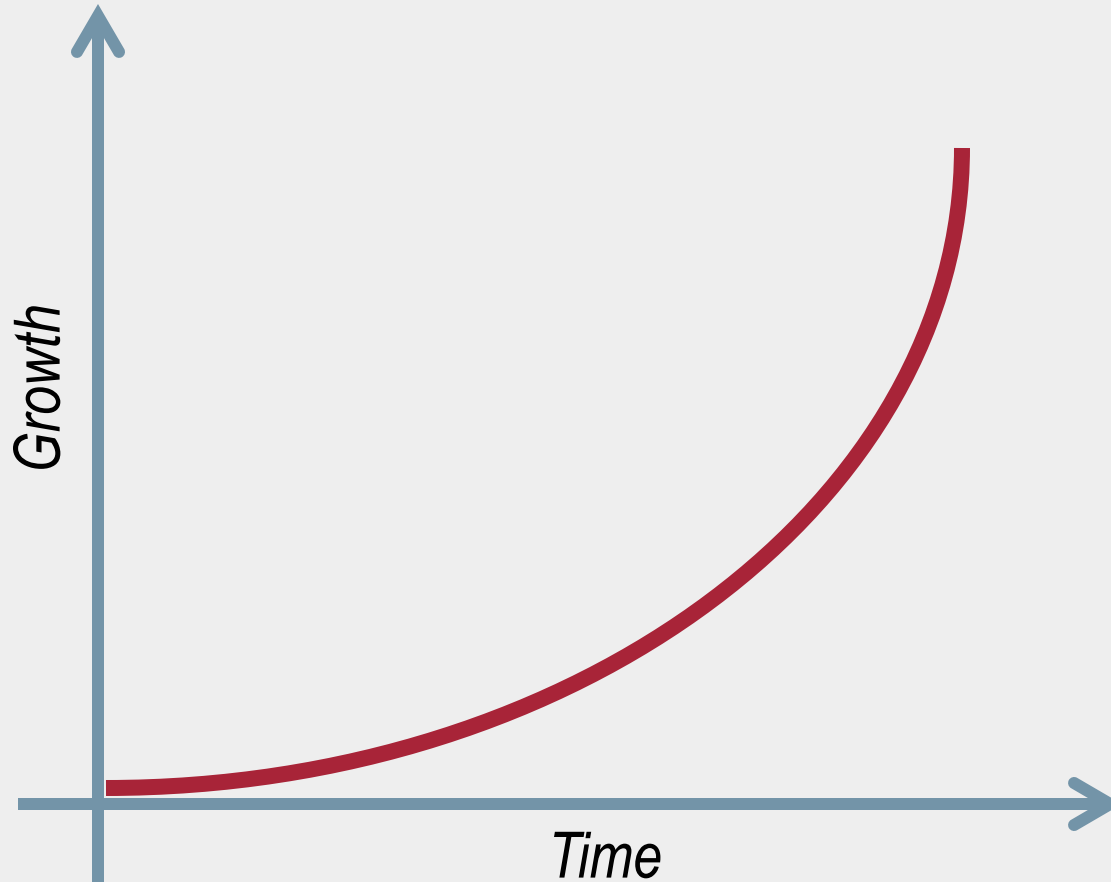
Short-Term and Long-Term Potential

**Most of us over-estimate
what we can do in one year,
and under-estimate
what we can do in ten years.**

– Ted Engstrom (management guru)

Exponential Growth

Most growth is exponential, not straight-line growth.



An Investment, Not a “Quick-Fix”

The American Lamb industry has been in decline for decades.

The solution will require a major, long-term investment by all industry participants.

There is no solution which will provide a quick return of cash.

Four High-Level Goals

1. **Product Characteristics** – Reduce the fat content and improve the consistency of American lamb products as defined by the Lamb Quality Audit.
2. **Demand Creation** – Achieve a significant increase in demand for American lamb meat as measured by the Demand Index.
3. **Productivity Improvement** – Achieve a significant increase in industry productivity with metrics to be defined.
4. **Industry Collaboration** – Work toward a common industry goal of meeting consumer desires rather than short-term self-interest.

Quantitative Goals

- Goals should be measureable and quantitative.
- Furthermore, the goals for each area should be complementary so that each goal supports all other goals.
- At the moment, the industry does not have adequate data to determine reasonable, complementary, quantitative goals.
- A effort during the next year will be to provide initial metrics for measuring improvements in all goals.
- After defining the metrics, the industry will track its progress in all areas.

Objectives for Goal 1 – Product Improvement

1. Adopt consumer-driven, value-based pricing for slaughter lambs
2. Install electronic grading at packing plants
3. Conduct a Lamb Quality Audit every three years

Objectives for Goal 2 – Demand Creation

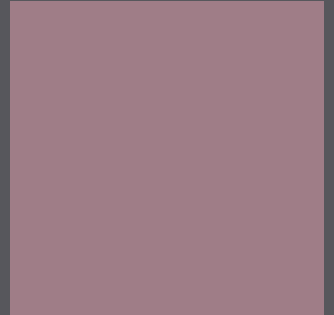
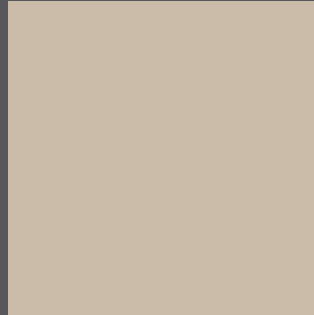
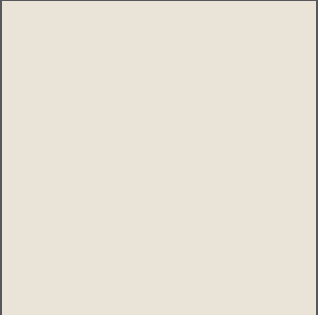
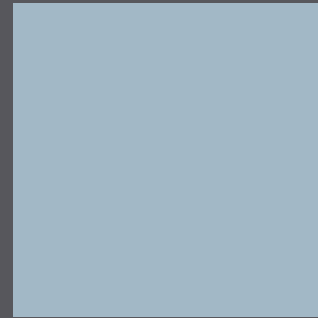
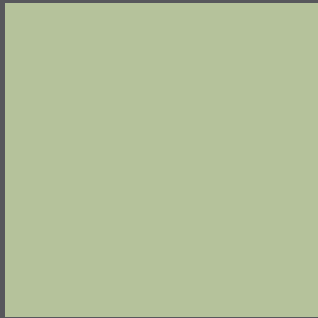
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5. Build the volume and value of the export market for American Lamb
6. Update the Demand Index for American lamb.

Objectives for Goal 3 – Productivity Improvement

1. Promote widespread producer use of quantitative genetic selection
2. Reduce the seasonality of the lamb industry
3. Develop a long-term plan for U.S. sheep research and producer education
4. Develop industry-wide production metrics to measure productivity

Objectives for Goal 4 – Industry Collaboration

1. Initiative a Rapid Response, Industry-Wide Communications Team



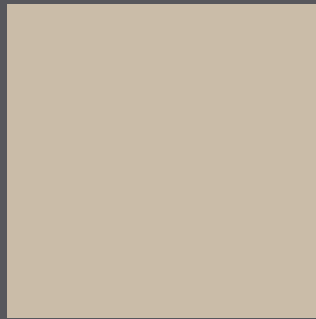
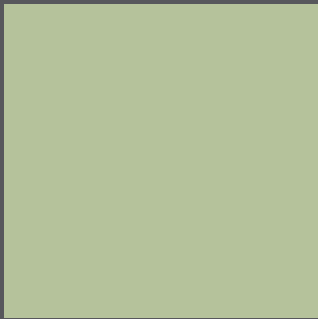
Action Steps



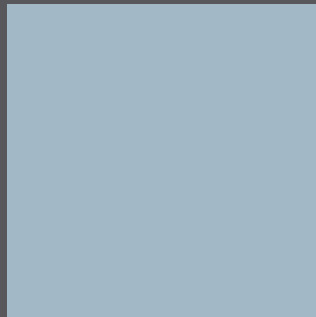
The **Hale** Group

Mapping Success in the Global Food System





Objectives and Action Steps for Goal 1



Goal 1 – Product Characteristics

Goal – Reduce the fat content and improve the consistency of American lamb products as defined by the Lamb Quality Audit.

Objectives:

1. Adopt consumer-driven, value-based pricing for slaughter lambs
2. Install electronic grading at packing plants
3. Conduct a Lamb Quality Audit every three years

Rationale for Value Based Pricing

- Lamb has the characteristics to be widely accepted as the “premier meat” – very desirable flavor and an extremely positive nutritional profile.
- Lamb can strengthen its position in the meat case if it promotes its attributes and delivers high quality product on every eating occasion.
- However, the industry acknowledges that excess fat and inconsistency are the U.S. lamb industry’s biggest detractors from its premier status.
- Buying slaughter animals on weight provides incentive to overfeed lambs under certain market conditions – resulting in excess fat.
- Buying on weight provides no economic incentive to produce high quality lamb.

Top Priority

Eliminating excess fat on an absolutely consistent basis is a top priority for the American lamb industry.

Objective 1.

Adopt Value-based Pricing for Slaughter Lambs

- The lamb industry uses value-based pricing in:
 - Australia
 - New Zealand
 - Europe
- Lamb imports have developed a reputation for being leaner and much more consistent quality than U.S. lamb.
- The most effective way for the U.S. to address excess fat and consistency is to:
 - Set a clear target for a highly desirable slaughter lamb
 - Provide economic incentive to producers and feeders to supply that target animal.
 - Provide disincentives to those who deliver poor quality lambs.

Objective 1.

Adopt Value-based Pricing for Slaughter Lambs

- The market for lamb products is very fragmented.
- Different market segments want somewhat different characteristics (but none want lots of fat).
- The industry must rebuild its fragile market positioning after high prices, excess fat, and inconsistent product quality have eroded demand.
- The American consumer's value proposition for American lamb must be rebuilt.
- Each packer must develop its own value-based pricing system.
 - There is not one “target lamb” that meets the needs of all consumers.
 - Packers may adopt multiple “targets” for the different segments they serve.

Objective 1.

Adopt Value-based Pricing for Slaughter Lambs

- Initially, we urge all packers to use at least two characteristics in setting their target for lamb carcasses:
 - Fat cover
 - Conformation / muscling
- We recommend gradual introduction of value-based system
 - First eliminate the most serious problems – the outliers that cause the most trouble – through discounts
 - Gradually adjust and upgrade the quality characteristics – through rewards
 - Adjust the pricing system as results from the Lamb Quality Audit become available
- Plan future changes and give producers time to adapt the genetics to meet the future requirements.

Objective 1.

Adopt Value-based Pricing for Slaughter Lambs

- Value-based pricing must:
 - Be directly connected to consumer desires
 - Be expressed in quantitative terms
 - Provide significant economic incentive and disincentive
 - Be explained to producers and feeders so they know how to adjust
 - Be applied to all lambs purchased
- The factual basis for assessing carcasses and producer payment must be provided on a timely basis
- Pricing schemes will vary from packer to packer and from season to season

An Example from the Beef Industry

In announcing a new Cargill program to market USDA labeled “USDA tender” or “USDA very tender” beef products.

We know that beef attributes such as tenderness, flavor and juiciness are important to consumers, and the long-term health of the American beef industry hinges on our ability to consistently deliver the best possible beef eating experience.

– John Keating, President, Cargill Beef

Source: “Cargill plant certified for ‘tender’ beef,” Fort Morgan Times news article, July 26, 2013, submitted to me by Benny Cox

The Pivotal Nature of Value-Based Pricing

Value-based pricing is the key to creating other critical changes in the American lamb industry. The lamb packers must take the lead in this initiative and producers and feeders must respond appropriately. If the packers do not execute this effort, the other recommendations in this Roadmap will have minimal effect.

Objective 1.

Adopt Value-based Pricing for Slaughter Lambs

Action Steps	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Activity Captain
Analyze customer desires for specific markets and define the “ideal lamb”	X					Each packer
Develop value-based pricing scheme that rewards producers for delivering highly desirable slaughter lambs	X					Each packer
Publicize value-pricing scheme		X				Each packer
Explain pricing scheme to producers/feeders			X			Each packer
Determine how to deliver target lambs			X			Producers & feeders
Begin to use value based pricing for lamb purchases				X		Each packer
Refine payment scheme based on Lamb Quality Audit results & customer feedback	Continuous improvement					Each packer

Objective 2.

Install Electronic Grading at Packing Plants

Rationale

- Electronic grading has been used by other meat species in the U.S. for years.
- Electronic grading has proven to provide more accurate predictability of certain quality and cutability parameters than subjective human grading.
- It provides more detailed information than manual systems.

Current Status of Electronic Grading

- Electronic grading equipment is being installed at present in the JBS plant in Colorado.
- USDA will need about 6 weeks to conduct their standardization trials.
- Data will need to be evaluated and approval for industry use by USDA should be completed within an estimated 3 or 4 months.
- In the interim, Colorado State and a USDA economist will provide an industry assessment and ROI analysis for industry consideration.

Objective 2.

Install Electronic Grading at Packing Plants

Action Steps	Sept 2013	Oct 2013	Nov 2013	Dec 2013	Feb 2014	Activity Captain
Delivery and installation of equipment	X					Manufacturer
Testing of equipment		X				JBS + MSR
USDA usage and calibration process			X	X		USDA
USDA approval and certification				X		USDA
Colorado State estimate of ROI					X	CO State

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Other major plants install equipment	X					Lg Packers
Similar, less expensive equipment is investigated		X				Medium Packers
Medium size packers install less expensive equipment			X			Medium Packers
Small size packers install less expensive equipment				X		Small Packers

Objective 3.

Conduct a Lamb Quality Audit Every Three Years

- There is nearly unanimous agreement in the industry that lamb characteristics **MUST** be improved.
- Most of the data about lamb quality is anecdotal, not quantitative.
- There is no robust data to document the level of meat quality currently.
- The U.S. chicken, pork, and beef industries have a much more extensive knowledge of their quality problems and what their future priorities should be.
- Imported lamb has developed a strong reputation for being much more consistent than American lamb.
- If the American lamb industry is going to survive, it has to know **What** to improve and **How** to improve its eating characteristics.

Results of the National Beef Quality Audit

- The National Beef Quality Audit (NBQA) has been conducted every 5 years since 1991.
- Its purpose is to enhance producer profitability by improving the qualities and desirability of beef
- Premise – You can't manage what you don't measure
- In 1991 and 1995 the NCBA estimated that the industry was losing an average of \$138 per head due to quality defects.
- The 2011 Audit reported that losses due to quality and management defects had declined to \$44 per head.

The Beef Quality Audit has resulted in meat quality improvements AND cost reductions.

Objective 3.

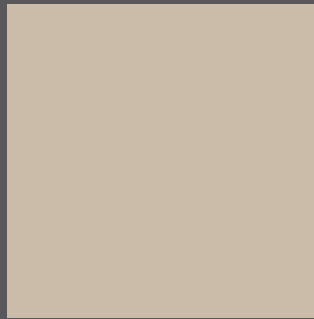
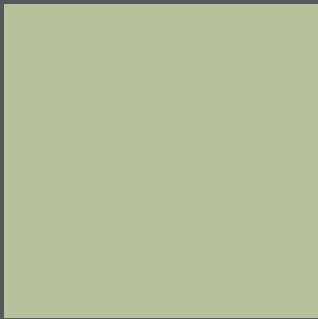
Conduct a Lamb Quality Audit Every Three Years

- Of necessity, the Lamb Quality Audit will have a more focused scope than that for beef due to budgetary constraints.
- However, we recommend that it be conducted every three years initially to provide more frequent feedback to the lamb industry in executing the Roadmap.

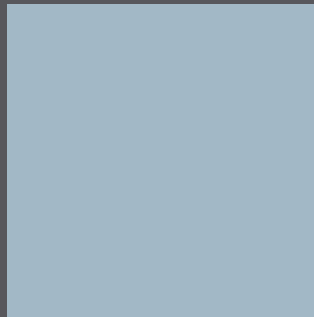
Objective 3.

Conduct a Lamb Quality Audit Every Three Years

Action Steps	Q3 2013	Q4 2013	Q3 2014	2015	2017	Activity Captain
Define the scope of the audit	X					ALB
Determine how to best accomplish the task		X				Consulting Team
Report findings and conclusions on 1 st Audit			X			Consulting Team
Incorporate findings into revised value-based pricing system				X		Packers
Adapt to revised pricing system				X		Producers & feeders
Contract for a 2 nd Lamb Quality Audit					X	ALB
Incorporate findings into revised value-based pricing system					X	Packers



Objectives and Action Steps for Goal 2



Goal 2 – Demand Creation

Goal – Achieve a significant increase in demand for American lamb meat as measured by the Demand Index.

1. Create a consumer-recognized and valued American Lamb brand limited to American lamb products of a defined quality
2. Develop innovative value-added products – which can stem from fabrication, packaging, further processing, yearling / mutton, or other mechanisms
3. Support non-traditional sheep producers across the country through a series of niche market investments and activities
4. Explore the benefits and costs of alternative paths to market for American Lamb
5. Build the volume and relative value of the export market for American Lamb
6. Update the Demand Index for American lamb (most recent version 2007).

Objective 1.

Create a Consumer-Recognized Brand

Rationale

- American Lamb is typically more expensive than imported lamb
- Industry experts, including retail and foodservice buyers, agree the flavor profile and other characteristics of American Lamb make it a potentially superior product in objective terms
 - The Lamb Quality Audit will provide benchmark data
- Creating a consumer-oriented American Lamb brand, with clear quality standards and market positioning, will provide American Lamb marketers with a competitive advantage and help solidify consumer preference for American Lamb
- Overarching food trends favor American Lamb: local, sustainable, concern for improving nutrition, and social responsibility

Objective 1.

American Lamb Brand

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Empanel a Task Force comprised of academics, industry associations, and American Lamb marketers	X					Brand Task Force, facilitated by ALB
Review American Lamb Brand Committee Notes and Recommendations	X					Task Force
Clarify Brand Objectives	X					Task Force
Identify Certification Criteria		X				Task Force
Evaluate Implementation Options (e.g., Sheep Safety and Quality Assurance, USDA, etc.)		X				Task Force
Incorporate Insights from Lamb Quality Audit		X				Task Force
Conduct Consumer Research to Test Brand Attributes, and Refine			X			TBD
Develop Plan to Launch Certified American Lamb Brand (USDA process, industry implementation)			X			Task Force

Objective 2.

Develop Innovative Value-added American Lamb

Products

Rationale

- American Lamb competes in a protein marketplace with an extensive portfolio of value-added products developed to meet the needs of consumers and chefs
- Value-added products can serve to use under-utilized cuts and enhance overall carcass value, as well as enhance the appeal and broaden the application of yearling and mutton products for targeted customers
- Value-added products can also serve to employ further-processing and frozen technologies to extend availability and “smooth-out” seasonality
- Consumers and foodservice operators want products that are convenient, labor-saving, flavorful, and varied, with an attractive price-value proposition

Objective 2.

Innovative New Product Development

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Establish consortium to lead effort (Packers / Fabricators / Marketers, ALB)	X					ALB
Identify funding source (Possibly TAAC)	X					Consortium
Establish objectives	X					Consortium
New product ideation and concept development	X					Consortium
Concept testing: marketplace feedback		X				ALB
Business case development		X				Consortium
Communicate to American Lamb marketers			X			Consortium
Create plan for ongoing NPD work			X			Consortium
Continued NPD work				X	X	Consortium

Objective 3.

Support Sheep Producers' Niche Marketing Efforts

Rationale

- The non-traditional market channel for American Lamb is fragmented and highly varied.
- The participants in this channel need support in their marketing activities.
- While it is not possible to fund individual entities with tailored marketing materials and activities, it is possible to create customizable programs and materials, as well as online resources with wide availability.

Objective 3.

Support Niche Marketing Efforts

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Poll sheep producers regarding direct marketing needs	X					ALB
Assess current resources and identify gaps	X					ALB
Develop plan to address needs of niche marketers, including necessary resources / funding	X					ALB
Implement plan (e.g., creating website, email marketing, packaging, social media strategy, etc.)		X	X	X	X	ALB

Objective 4.

Explore Alternative Paths to Market for American Lamb

- With the explosion of “digital life” over the past few years, and the trend toward the networked consumer, product paths to market are being facilitated in many new ways.
- Social media, the penetration of smart phones, and the increased availability of data and information regarding market needs are all game-changers.
- Almost half of consumers say they will pay more for local products and, combined with digital marketplace, leads to
 - Amazon Fresh, others, for example
- Electronic ordering systems for lamb products reduce supermarket inventory requirements and may gradually increase lamb consumption throughout the year.

Objective 4.

Explore Alternative Paths to Market

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Collect models of direct marketing and alternative paths to market currently in use by US Lamb Marketers		X				ALB intern
Identify same in other industries		X				ALB Intern
Create a database of resources and relevant contacts		X				ALB Intern
Create a White Paper to share with entire American Lamb industry		X				ALB Intern
Marketing Committee to discuss options for promoting tests based on findings		X				ALB Marketing Committee
Provide support to market tests as needed			X	X	X	ALB

Objective 5.

Build the Volume and Value of the Export Market

Rationale

- The export market for US lamb has been widely variable, with relatively low value per pound.
- NZ and AU producers have clear markets for their high-value lamb cuts across the world, strengthening their resource base.
- The cachet of American products can work to the benefit of the American Lamb industry.

Objective 5. Build the Export Market

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Create a White Paper for circulation to the industry that incorporates a market opportunity assessment and a cost benefit analysis of the various export markets for American Lamb, taking the approach of finding the best markets for each carcass component (Already underway at some level)	X					USMEF
Assess USMEF findings and make recommendations to the industry		X				ALB Marketing Committee

Objective 6.

Update the Demand Index for American Lamb

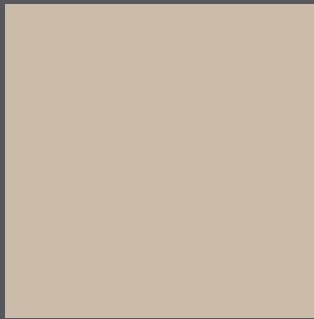
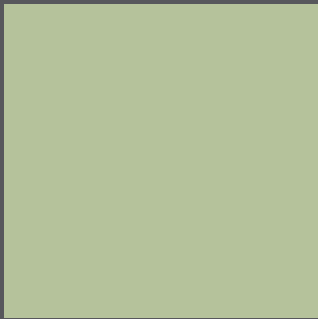
Rationale

- The American Lamb industry does not have current information regarding the demand index for American Lamb. The most recent work in this area was completed in 2007.
- In order to track whether progress is being made in the key goal areas of product characteristics, product improvement, and demand creation, current information is necessary. In addition, an ongoing process to capture and analyze future data to provide the industry with information regarding demand is a necessary component of the Road Map.

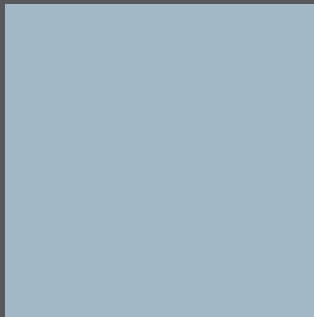
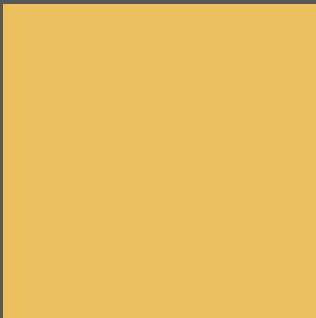
Objective 6.

Update the Demand Index for American Lamb

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Identify resources necessary to update the 2007 American Lamb Demand Index.	X					ALB
Fund the Demand Index update	X					ALB
Identify and resource an ongoing effort to maintain a current Lamb Demand Index		X	X	X	X	ALB



Objectives and Action Steps for Goal 3



Goal 3 – Productivity Improvement

Goal – Achieve a significant increase in industry productivity with metrics to be defined.

Objectives:

1. Promote widespread producer use of quantitative genetic selection
2. Reduce the seasonality of the lamb industry
3. Develop a long-term plan for U.S. sheep research and producer education
4. Develop industry-wide production metrics to measure productivity

The High Importance of Productivity Improvement

American Producers

- Sell only American lambs
- Want consumers to buy only American lamb meat

Packers and Fabricators

- Packers and fabricators work to maximize their profits
- Selling American lamb is great
- Selling imported lamb is OK

The two industry sectors have different vested interests.

The **only** strategic option for American producers is to improve their beneficial characteristics and to work like hell to get their costs as close to AU and NZ as possible.

Objective 1.

Promote Quantitative Genetic Selection

Rationale

- Genetic selection is an indispensable tool for producers to:
 - Deliver meat characteristics desired by consumers
 - Produce lambs as cost-effectively as possible to compete with imports
- NSIP was formed to address this need, but few seedstock producers and commercial producers use its services
- Many reasons have been cited for low use of NSIP
- Whatever the reasons, genetic selection **MUST** become widely adopted by the U.S. industry
- NSIP should launch an assessment of how to reintroduce LambPlan and genetic selection to the U.S. industry

Objective 1.

Promote Quantitative Genetic Selection

Re-introduce the NSIP to commercial and purebred producers:

- Engage in a strategic and organizational review of NSIP with the aim of re-introducing the organization and strengthening its resources
- Create a strategy Task Force from across the industry to craft an appropriate direction for NSIP
- Position it as “**The**” industry source for science-based sheep performance data and analysis
- Ensure breed associations are fully engaged in this re-positioning and re-structuring process
- Confer with other livestock improvement organizations to collect the best ideas to bring back to the sheep industry
- Link genetic selection to value-based pricing for slaughter lambs.

Objective 1. (continued)

Promote Quantitative Genetic Selection

Re-introduce the NSIP to commercial and purebred producers:

- Design an effective and broad communication plan to reach as much of the industry as possible
- Identify success stories among producers for use as models
- Identify funding sources that can support expanded reach and services
 - USDA and other science-based agricultural oriented organizations
 - Private sources, e.g., foundations
- Hire a full time Managing Director

Fix it and use it. You have no other options.

Objective 1.

Promote Quantitative Genetic Selection

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Conduct a strategic review of NSIP	X					NSIP
Confer with other livestock improvement organizations	X					NSIP
Implement a major effort to recruit widespread use of genetic selection		X				NSIP
Seek additional funding for NSIP		X				NSIP
Expand the use of NSIP		X	X	X	X	NSIP
Hire a full-time Executive Director			X			NSIP

Objective 2.

Reduce Seasonality of the Lamb Industry

- The lambing cycle is very pronounced.
- Given the peaks in demand for lamb at Easter, Thanksgiving, and Christmas, the slaughter cycle does not match consumption.
- The feeder sector provides a valuable function by partially matching production and consumption.
- However, the industry needs greater flexibility in matching supply and demand.
- The entire industry would benefit from less price volatility.

Objective 2.

Reduce Seasonality of the Lamb Industry

- Reducing seasonality can be accomplished, at least partially, by packers and producers / feeders planning together
- Within limits, demand can be projected fairly well, week-to-week
- Packers should establish agreements with producers / feeders to supply a high percentage of their expected sales, for slaughter week-by-week
- Some producers will likely prefer a written contact; others may prefer a verbal agreement
- Packers should provide premiums for weeks when supply is typically lower than sales

To create pricing stability in the industry, producers, feeders, and packers must establish longer-term working relationships with collaborative planning and not switch partners for 2¢ per pound.

Objective 2.

Reduce Seasonality of the Lamb Industry

- Producers and feeders have several tools at their disposal to extend seasonality without jeopardizing meat quality
 - High or low intensity feeding regimens – depending on the harvest window
 - Extended use of grass and other forages to extend finishing
 - More rapid finishing with high concentrate feeds to accelerate finishing
 - Aseasonal breeding of ewes
 - Extensive research concludes that some breeds are very amenable to birthings every 8 months
- Producers must change genetics and lambing seasons, where feasible, to meet the seasonal variation in consumption
- To reduce seasonal volatility, packers should offer higher prices during periods of the year when they need more lambs.

Objective 2.

Reduce Seasonality of the Lamb Industry

- Progressive producers will figure out how to meet those harvest windows to capture an economic incentive.
- After the price volatility of 2011-12, all segments of the value chain perceive value to less volatility and greater stability.
- Supply agreements enable producers / feeders to obtain credit more easily
- Retailers and foodservice operators prefer less fluctuation in prices

Objective 2.

Reduce Seasonality of the Lamb Industry

Action Steps	Q1, 2014	Q2, 2014	Q4, 2014	2015	2016	Activity Captain
Packers plan volume of lambs needed by week	X					Packers
Packers solicit producers / feeders to supply specific volumes by week		X				Packers
Packers and producers / feeders reach verbal or written agreements for delivery			X			Packers, feeders, producers
Both sides of agreement deliver on their part of the agreement				X	X	Packers, feeders, producers

Objective 3.

Long-Term Plan for Research and Producer Education

- Government budgets at all levels are under tremendous pressure
- Support for sheep research and producer education (Extension Service) has been declining for decades
- Decisions regarding research and producer education are made state-to-state, one year at a time
- Both research and producer education are critical for the long-term future of the U.S. sheep industry
- The sheep industry needs a long-term plan that is proactive, not reactive to budgetary pressures

Objective 3.

Long-Term Plan for Research and Producer Education

- It is imperative that the Agricultural Research Service of USDA preserve all sheep research stations
- ASI is strongly advocating to maintain these important research centers
- It is also imperative that applied research continue at the land grant universities
- However, it may not be realistic to maintain research at all of the universities that currently have a half-time (or less) position in sheep research

Objective 3.

Long-Term Plan for Research and Producer Education

The ASI Producer Education and Research Council should facilitate the development of a long-term research strategy for the American sheep industry with all sheep research participants:

- What are the high priority research topics?
- What should be the respective roles of ARS and land grant universities in sheep research?
 - ARS focuses more on pure research?
 - The land grant universities focus on applied research?
- Can several consortia of land grant universities execute coordinated, collaborative applied research for their larger region?
 - Addressing specific issues unique to different regions and sheep production models

Objective 3.

Long-Term Plan for Research and Producer Education

Producer Education

- To meet the goal of improving producer productivity, extensive effort will be required to provide the most effective method of producer education.
- Without effective producer education, many producers will continue using outdated production practices.
- State sheep associations and state Extension Service personnel should collaborate to develop a long-term plan for producer education that is best for their state
- In states with low sheep inventories, several states should consider developing a plan for a multi-state region

Objective 3.

Long-Term Plan for Research and Producer

Education

Producer Productivity Groups: an ideal mechanism for producer education

- Voluntary groups of producers who share techniques and information
- Producers anonymously share annual production metrics to compare their experience with their peers
- The group gains access to the latest applied research findings and seeks to implement the recommendations
- Depending on the scope of activities, the group may hire a staff person to assist their collective and collaborative efforts to make productivity improvements
- Producers set annual goals and track their progress based on quantitative production metrics

Objective 3.

Long-Term Plan for Research and Producer Education

Alternative mechanisms for producer education could include:

- Vibrant State Extension Service programs if budgets permit
- Private, for-profit sheep production consultants
- Regional seminars on sheep topics
- Internet websites and online chat rooms – producers helping producers
- Widespread distribution of applied research results in laymen's terms written by the research community

The above mechanisms have value, but most lack the important ingredient of rigorous tracking of production metrics.

Objective 3.

Long-Term Plan for Research and Producer Education

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Develop long-term goals for U.S. sheep research	X					ASI PERC
Develop long-term goals for U.S. sheep producer education	X					State sheep associations
Implement the research and education plans		X	X	X	X	ASI PERC & state sheep associations

Objective 4.

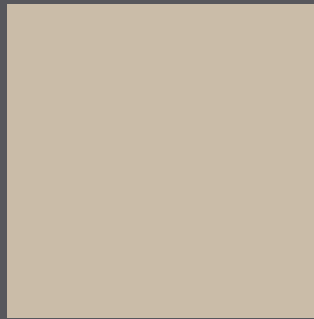
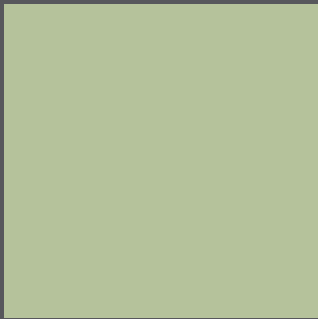
Industry-Wide Production Metrics to Measure Productivity

Rationale

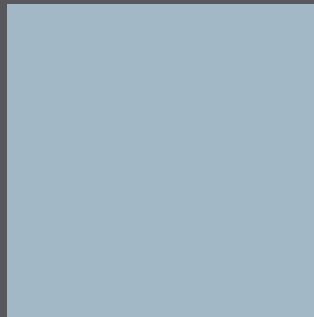
- Little if any reliable data available in the US on production costs and productivity metrics
- Difficult to establish industry goals and measure them without a good base of data and information
- Competitors are light years ahead of the US on tracking and analyzing production costs and benchmarking
- Any good operation should know its costs and how it is performing
- The lamb industry needs to understand the gaps and close them to manage market volatility
- Once you measure something, it changes

Industry-Wide Production Metrics to Measure Productivity

Action Steps	Q2, 2014	Q4, 2014	2015	2016	2017	Activity Captain
Review available data	X				X	ASI
Identify key production metrics that all lamb producers should measure and monitor	X					ASI
Develop a state-by-state plan to enlist sheep producers to measure productivity metrics		X				State sheep associations
Collect data on the designated metrics			X	X	X	Producers & feeders
Provide anonymous benchmarking services to producers and feeders within the state			X	X	X	State sheep associations



Objectives and Action Steps for Goal 4



Goal 4 – Industry Collaboration

Goal – Work toward a common industry goal of meeting consumer desires rather than short-term self-interest.

Objectives:

1. Initiate a Rapid Response, Industry-Wide Communications Team

Objective 1.

Rapid Response, Industry-Wide Communications Team

Objectives of the Team:

- To identify potential industry problem areas well in advance of the crisis stage.
- To recommend rapid response action steps to mitigate potential problems.
- To urge all relevant sectors and industry participants to contribute to industry-wide solutions to challenges.
- To seek the best interests of the **entire U.S. sheep industry.**
- To defuse tensions among the industry sectors.

Objective 1.

Rapid Response, Industry-Wide Communications Team

- This will be an informal group with no authority, but, hopefully, considerable influence.
- It will not be incorporated. It is not a new “organization.”
- It will be highly flexible. During crises, it may meet via a weekly conference call. At other times it may meet quarterly, or anything in between.
- The group can invite anyone it wishes to join its meetings on an “as needed” basis, e.g., supermarket buyer, foodservice buyer, academic, breed association rep, extension personnel, government official, etc.

Objective 1.

Rapid Response, Industry-Wide Communications Team

Proposed Representation on the Committee:

- The Presidents of ALB, ASI, and NLF
- The Executive Directors of ALB and ASI
- One or two reps from the lamb packers
- One or two breakers
- An additional producer
- An additional feeder

Objective 1.

Rapid Response, Industry-Wide Communications Team

It must be emphasized that this group will not replace or direct any existing sheep industry organization.

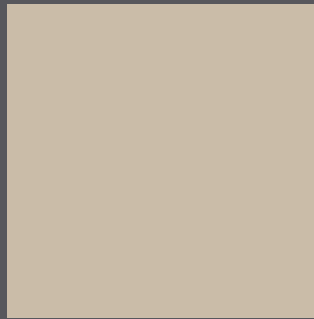
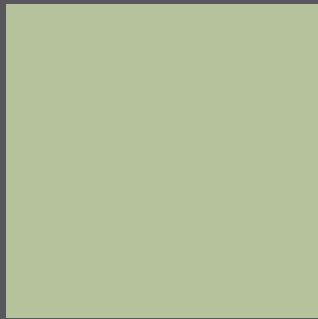
It is meant to operate only through **influence** in three ways:

- Provide a vehicle for **rapid response**.
- Provide **greater coordination** among all of the industry sectors and industry organizations.
- Be able to discuss and suggest action on **any issue** of relevance to the U.S. sheep industry.

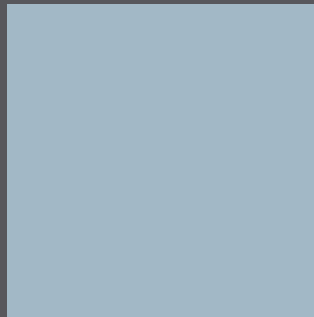
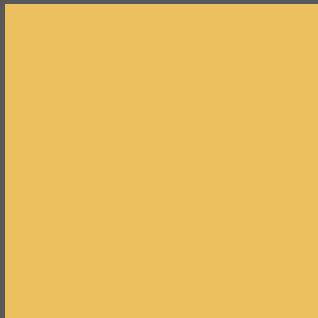
Objective 1.

Rapid Response, Industry-Wide Communications Team

Action Steps	Q 1, 2013	2014	2015	2016	2017	Activity Captain
Appoint reps to Communications Team	X					Industry Orgs
Meet via conference calls as appropriate		X	X	X	X	Team



On-Going Initiatives



Support for On-Going ALB Initiatives

- ALB (and the other sheep industry organizations) is currently engaged in activities that are critical for industry success.
- Some of ALB's activities include:
 - Qualitative research with consumers
 - Improving culinary education materials, chain restaurant promotions, summit with influential chefs
 - Expanding target markets
 - Updating nutritional database to include grain-fed versus grass-fed
 - Ethnic Marketing consultant
 - Digital and social media, Lamb Jams, other consumer outreach
 - USMEF proposals targeting the Middle East

Support for Ongoing ALB Activities

- ALB has momentum, investment, and ongoing programs in a number of key areas. There is a comprehensive strategic plan in place.
- The Hale Group will recommend enhancements to a few of these programs based on insights from retailers and foodservice.
- Core activities such as market research will and should continue, and The Hale Group will recommend topic areas based on gaps seen in existing insights.
- The Hale Group strongly encourages a collaborative approach between American Lamb marketers and ALB in order to leverage key assets to the end of building demand.

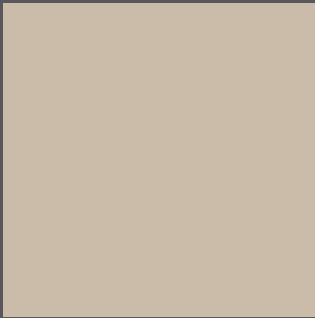
ALB's many useful programs are conducted on an annual budget of \$2.5 million, in comparison to Australia's lamb promotion budget for the U.S. of \$6.7 million.

Support for Ongoing ASI Activities

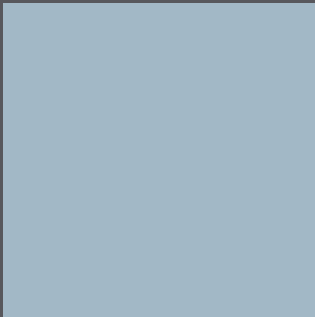
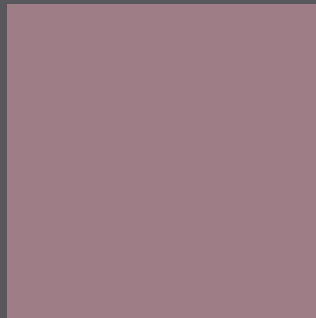
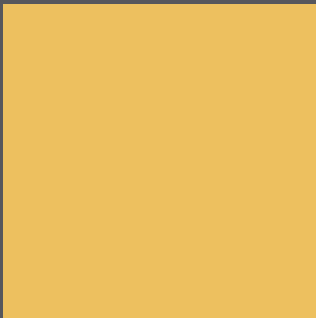
- Accurate data from many participants in the industry is critical.
- As the lamb industry becomes smaller, the data reported by USDA through MLR becomes less reliable.
- Clearly, the need for accurate information and unbiased analysis is as great now as it ever has been.
- ASI should be commended for taking the lead in initiating action with USDA to adjust the Livestock Mandatory Reporting requirements.
- We support ASI is seeking changes as quickly as possible.
- The definition of “lamb” and yearling animals must be consistent with the overall industry goal of providing consumers with a positive eating experience.

Support for Ongoing ASI Activities

- ASI continues its regulatory advocacy work on behalf of sheep producers across the nation.
- These efforts are critical to the success of the entire industry.
- ASI has limited funds and is engaged in many critical activities.
- These ongoing efforts must be strongly supported while the industry implements the Roadmap.



Prioritizing the Objectives

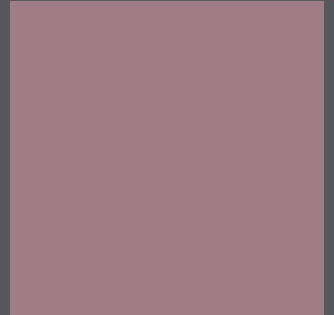
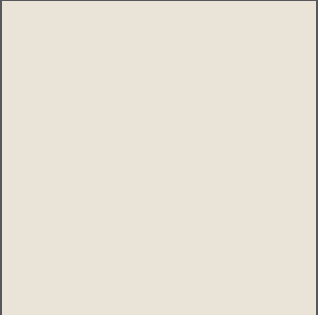
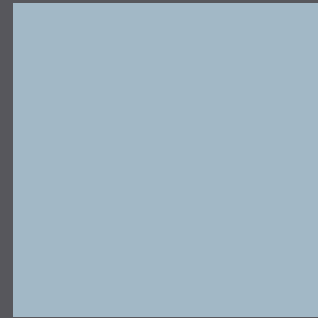
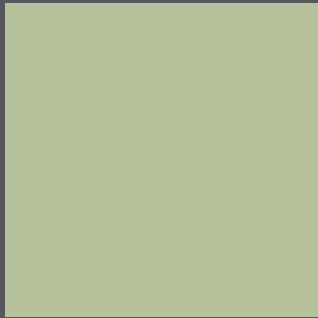


The Need for Prioritization

- A common critique of the Progress Report was that the recommendations needed more focus.
- The Industry Advisory Group has discussed priorities among themselves, but they want feedback from the industry at large regarding priorities.
- The next slide lists the proposed objectives for the Lamb Industry Roadmap in random order.
- The Industry Advisory Group is asking industry participants to submit their prioritization for these objectives via email.

Objectives in Random Order for Industry Prioritization

Objective	Activity Captain
Explore alternative paths to market	ALB
Reduce seasonality of lamb industry	Packers, feeders, producers
Initiate a Rapid Response, Industry-Wide Communication Team	All organizations
Install electronic grading at packing plant	Packers
Build volume and value of lamb exports	Packers, marketers
Support non-traditional sheep producers	ALB
Develop a brand for American Lamb	Ad hoc team
Conduct a Lamb Quality Audit	ALB
Promote quantitative genetic selection among producers	ASI
Develop production metrics to measure productivity	ASI
Adopt value-based pricing for carcasses	Packers
Update the Lamb Demand index	ALB
Develop a long term plan for research and producer education	ASI
Develop value-added products	Packers



Execution Process



The **Hale** Group

Mapping Success in the Global Food System



The Realities of the U.S. Lamb Industry

- Many prior reports on the industry have been issued.
- These reports have resulted in limited change in the industry.
- This project, like previous ones, has no authority for mandating change.
- Furthermore, the lamb industry is one of the most traditional sectors of American agriculture.
 - The industry has not done well in adjusting to new challenges.
- Most industry participants are seen as protecting their own interests or, at best, those of their industry sector.
- There is still too much “finger-pointing” in the industry.

A Process, not a Report

This project is about the beginning of a process – not about creating a report.

The report will be our initial Roadmap for the industry. But the Roadmap will change and evolve over time as new events occur and as the industry learns for the implementation effort.

We are at the beginning of a process.

A Lamb Industry Roadmap Implementation Team

Recommend the formation of a Roadmap Implementation Team

■ Roadmap Implementation Team

- Conducts monthly conference calls, Year 1 & 2
- Probably bi-monthly conference calls thereafter
- Asks for progress reports from Activity Captains of Roadmap
- Solves problems as they arise
- Prods participants to intensify activity

■ Annual Roadmap Revision

- Due to new developments in the industry
- Based on learnings from prior year's implementation work

A Lamb Industry Roadmap Implementation Team

Membership of Roadmap Implementation Team

- ASI and ALB – Presidents and Executive Directors
- NLFA – President
- National Sheep Improvement Program – 1 rep
- Sheep Breed Associations – 1 rep
- State Sheep Associations – 2 reps
- Packers – 2 reps
- Fabricators – 2 reps
- Three additional members, if needed, to enable balanced industry-wide representation
- Ad hoc input from other industry participants as needed

Work of Team done primarily on conference calls.

A Lamb Industry Roadmap Implementation Team

Given the track record of the industry at making change, it is recommended that an “outside person” play a role in the Roadmap Implementation Team initially:

- Year 1 – Outsider serves as Chair to start implementation
- Year 2 – Outsider serves on the team, but not as Chair
- Year 3 – Outsider has no seat on the Team

Recommendations for Execution

American Sheep Convention, 2014

- The Hale Group presents the “The Lamb Industry Roadmap.”
- Numerous industry participants state briefly their plans to implement the roadmap in their organization:
 - Large and small producers
 - Large and small feeders
 - Large and small packers
 - Large and small fabricators
 - ASI, ALB, State Associations, NSIP
- Break-out groups discuss various goals and objectives of the Roadmap

Year 1

The Roadmap Implementation Team

- Conduct calls every month
- Monitor all industry participants' progress on implementation
- Make adjustments as needed
- Call people to account for making recommended changes

All Sheep Industry Organizations

- Devote at least 75% of each meeting to discussion of Roadmap Implementation

Subsequent Sheep Industry Conventions, 2015-2019

- Focus at least **75%** of the plenary and workshop sessions on Roadmap implementation
- Devote a significant amount of time to reporting on the progress of Roadmap implementation
 - A **State of the Sheep Industry Address** each year
 - Calling out successes
 - Calling out failures to execute
 - Multiple reports from various industry participants on:
 - Progress by their organization
 - Plans for their organizations

The Magnitude of the Change

- This will require a major “sea change” for the lamb industry.
- Tweaking the dials will not be enough.
- Every participant in the American lamb industry will have to change the way they do business.
- It will be messy.
- It will be painful.

This plan, or something similar to it, is the industry's only option.