



Gate to Plate:

Producers Take Control of an Industry

A Case Study of the
North American
Bison Cooperative

An address by Dennis O. Sexhus

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Bison Cooperative, New Rockford

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Dennis Sexhus, a North Dakota native, was raised on a small grain farm near Leeds. He received his bachelor's and master's degrees in agricultural economics from NDSU in 1966 and

1968. He spent 28 years in senior management positions with several manufacturing companies in the United States, Canada and Europe, before returning to North Dakota in 1994 to establish a bison ranch. Shortly thereafter, Sexhus became chief operating officer of the North American Bison Cooperative. The cooperative's bison processing plant in New Rockford is the only USDA facility dedicated to processing bison meat. Sexhus and his wife, Sue, along with two partners, own the North Prairie Bison Ranch, which is a producer for the bison cooperative.



Al Bloomquist served a distinguished career at American Crystal Sugar Company as president and long-time executive. A driving force in the development and success of the Red River

Valley's farmer-owned cooperative sugar industry, he became the first executive secretary of the Red River Valley Sugarbeet Growers Association in 1961. When American Crystal was acquired by the growers association in 1972, he became a part of the new cooperative corporation. He received an honorary degree from NDSU in 1992. American Crystal established this lectureship series in recognition of Mr. Bloomquist's contributions to the company and the industry.

American Crystal Sugar is a cooperative that produces 10 percent of the country's sugar. The company is owned by 2,000 farmers and employs 2,000 men and women in Minnesota and North Dakota. The company generates more than \$500 million in sugar sales and a \$1.8 billion impact on local economies.

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THIRD ANNUAL ALDRICH C. BLOOMQUIST LECTURESHIP

Dennis O. Sexhus

March 26, 1997

THE EXCITING BISON STORY

Thank you. Thank you President Plough, Mr. Bloomquist, ladies and gentlemen. It is an honor to be here. You know, I feel like I somewhat beat the odds being here because of all the people voted to come back 30 years after leaving this university and addressing a prestigious organization such as this, I would have been on the bottom of the list. So I just wish all my old professors could be around and see me now. It is truly an honor to be here, and I want to thank the selection committee. I am so excited about this, and I am excited about the bison story. I am always happy to talk about it, tell it, and I am going to get right into it in about two minutes.

INTRODUCTIONS

I just have a couple of people I would like to acknowledge and introduce. Number one is a person who I now introduce as my wife. She probably should be introduced more appropriately as a senior executive of North American Bison Cooperative. She is a very important part of the management team of the bison cooperative, and I will ask Sue to please stand up. I have a couple other family members here. First, I want to introduce my mother, who is 92-years-old and had her birthday last week. I am just so proud; she has never seen me give a speech—she never thought I could, and maybe she is right—but she is here. Mom, would you stand up? I am so happy that you are here. And sitting next to her is my beloved sister, my only one, and Karen would you stand up and take a bow? Karen lives in Fargo and has her children and grandchildren in this area. And last but certainly not least, is the president of the North American Bison Cooperative, the true visionary in this industry. He is the reason that we are all here talking about bison today. He has been raising them since the late 1970s. Dr. Ken Throlson is sitting in the back of the auditorium. Doc, stand up so they can see you. Thank you.

BACK TO MY ROOTS

I grew up on a wheat farm in Leeds, N.D., a small rural town. Like so many kids back then, I left the farm. There is a new country-western song called "Where Corn Don't Grow." It is about the dreams of a farm kid who thinks he wants to be somewhere where corn does not grow or, in our case, wheat does not grow. It reflects so much my life, because I left North Dakota to pursue a different career. For 28 years, I worked all over the United States, Canada, and Europe. I ran a number of companies, primarily in the manufacturing sector. About two and one-half years ago I decided it was time to give that up and get back to my roots and get back to North Dakota. Now, not only am I back in North Dakota, but I am probably the happiest resident of North Dakota, because I have seen all the rest of it and have come back and you could not get me out of here with a bomb. There is no way I would leave this state or this Great Plains region. I love it. It has been a long ride and a complete circle, but now I am raising bison with two partners and my wife, Sue. We raise about 800 or 900 animals at Leeds on our ranch. And that brings up my day job, running the North American Bison Cooperative in New Rockford.



THE AMERICAN BISON

This is the animal we are talking about. The bison, probably 60 million or more in number, at one time roamed these plains. They provided the entire subsistence for the Native American culture. They were hunted to near extinction in the 1800s. After this great slaughter, it was estimated that probably only 600 bison remained in the United States. This animal is truly remarkable. It is a survivor, ideally suited to the northern climate, and it is, I think, making a comeback that is unparalleled in history. I often tell people if they do not believe that things are changing, consider this: bison herds are growing and railroads are becoming extinct.

"Funny, I remember when they roamed the prairie by the hundreds"

I have said that to a number of people and somebody mailed me this cartoon with the two bison talking about the trains saying, "Funny, I remember when they roamed the prairie by the hundreds." Much of the track is being torn up and bison are now back, and it seems like change is always with us. Bison have been brought back by ranchers, primarily, although the park system has had some role in bringing them back.

RAISING BISON

Bison hold several advantages for producers. Number one is that they require no shelter in these northern climates. Because of this fact, the farther north you move in North America, the greater advantage bison hold for producers. Bison are extremely hardy, have few health problems, few calving problems, and are very resistant to disease. Dr. Ken Throlson has told me that bison have the highest immunity system he has ever seen in a mammal. They can eat and subsist on generally lower quality feed than other livestock. They are a wild animal. And they are less work for people raising them. Generally speaking, bison require significantly less attention and work than other forms of livestock.

There are a few disadvantages. Bison are difficult to handle. The truth of the matter is, they can be chased anywhere that they want to go. You have to learn to outsmart them.

Bison Advantages

- *No Shelter Required*
- *Hardy*
- *Few Calving Problems*
- *Resistant to Disease*
- *Eat Lower Quality Feed*
- *Less Work*

That is not easy. They are extremely intelligent creatures, but that makes them hard to handle. Special facilities are required. Bison require extremely strong working systems. I cannot remember my physics well, but the guy who came up with the formula $E=mc^2$, I think had the inspiration from watching bison being worked, because of the velocity involved and the energy that they create is unbelievable. If you have not seen it, it is a real experience. However, as disease resistant as they are, they have very little, if any resistance to parasites.

Bison are true nomadic grazers. In the wild, they would never graze over the same land twice so they did not complete the worm and parasite cycle. Confined to pastures, they do. It takes a lot of attention to a de-worming program to successfully raise bison. They do require intense management. You have to attempt to duplicate the natural life cycle that the bison would have in the wild. If a they do not have enough to eat at the right time, they will not produce. In droughts and in difficult times in the wild, bison had no calves; they will not under similar conditions. If they are in the normal rut and do not get enough to eat, or are unhappy in their environment, the chances are that they will not calve and they will not be productive for you. So there are a few disadvantages.

BISON MEAT

Bison meat itself is extremely tender and tasty. We passed out some packets of some of our sausage product, and I would encourage all of you to try some of our burgers or steaks. They are delicious. We have an ever-growing customer base that would attest to that. The meat is healthful, is generally low in fat, low in calories, and high in protein. It is what health conscious people are looking for today. I read just the other day that by the year 2000, 85 percent of all food purchases will be based on nutritional information and nutritional considerations. If that is true, bison will fit very well into that kind of a marketplace.

FROM HOBBY TO INDUSTRY

Before the North American Bison Cooperative came along, the industry was really dominated by hobby producers, people like Dr. Throlson, who was probably a little more than a hobbyist in that he had a small meat business of his own and his own customer base. But generally, it was people who just had a love for the animals, wanted to have them around, wanted to see them, and wanted to enjoy them. It was a very, very, small hobbyist industry with virtually no organization. There were no quality standards at all for the meat.

That gave rise to a lot of myths. One popular myth, even to this day, is that all bison taste great. There are people who say that, but unfortunately, it is not true. Bison must have quality control just like other meats. If you go shoot an old buffalo bull that is running out on the prairie and think it is going to make a great steak, you are just kidding yourself. There are quality requirements. In the past, the product was full of surprises. You know, our customers may want a surprise the first time they eat bison, but not every time they eat bison. It was true that in the past you could have a bison steak and it would be delicious. However, the next time you went, you would like to nail it to the bottom of your shoes, because it was that tough. That was the situation before the co-op.

Bison Disadvantages

- *Hard to Handle*
- *Special Facilities Required*
- *Less Resistant to Parasites*
- *Require Intense Management*

Bison Meat Characteristics

- *Tasty/Tender*
- *Healthful*
- *Low Fat*
- *Low Calories*
- *High Protein*

Bison Industry – Pre Co-op

- *Hobby Producers*
- *No Quality Standards*
- *Product Full of Surprises*
- *Availability Spotty*
- *Little Public Awareness*
- *Minimum Market/Promotion*
- *Limited Distribution*
- *Frozen Product*
- *No Established Product Market Price*

Also, availability was very spotty. Restaurants owners would say, "Gee, I would like to try bison." They would get started, it would go over well on the menus, but when they would call to reorder from their farmer/hobbyist, he would often say, I will not butcher now for another three or four months. That does not work in food service or any other industry. You have to have a steady availability. There was very little public awareness. This is something I am going to come back to later because this is something to which the co-op has contributed greatly. Very few people knew anything about bison or that it might be a viable alternative for the ranchers or farmers to consider as a livelihood. There was very little marketing and promotion and there was limited distribution. The product was almost exclusively sold as frozen meat. Unless your families are a lot different than mine, when you go to look for meat, you do not go to the ice cream and frozen pizza section of the store. You most likely go to the meat counter where the meat is fresh. So it is very difficult to sell bison meat in volume as a frozen product. There was really no established market price for the product for producers. They were at the mercy of the marketing companies who would always have the same story: "Well, I cannot quite give you as much as I did last time for them. The market is a little soft." So there was virtually no control by the producers.

North American Bison Cooperative Goals

- *Allow Members Control
"Beyond Farm Gate"*
- *Establish Quality/
Grading Standards*
- *Expand Bison Awareness*
- *Provide Steady, Fair
Market for Member
Animals*
- *Bring Structure to
Bison Industry*

FOUNDERS' VISION AND GOALS

The founders of the North American Bison Cooperative (NABC) had several goals in mind, and this is not all inclusive, but it is part of it. They wanted to allow members to control their product beyond the farm gate. This is a trend through value added agricultural cooperatives in the Great Plains. It is very important for producers to exercise a degree of control.

Second, they wanted to establish quality and grading standards in order to allow this product to move into the mainstream. They wanted to create a dependable supply, so they could assure customers that if this product was going well, they would have products to support them. It was really a key part of the strategy.

They wanted to expand bison awareness. There is still a percentage of the population that thinks the animal is extinct. That thinking has to be dispelled in order to move forward.

They wanted to provide a steady, fair market for their members. NABC was conceived as a closed cooperative that slaughters only animals for their members. They wanted to be able to guarantee those members a certain price level to allow producers a margin for their work and for their investment.

The last thing was to bring structure to the bison industry. I think that will be self-evident as we go on to how this was accomplished.

If the Northern Plains Premium Beef people recognize this, it is because I stole it. But this is really very interesting. This data is based on the USDA statistics from 1995 which showed the history of what they called Gate to Plate Spread: The Marketing Value versus the Farming Value of the Product. I entitled the slide "Why Cooperate?" If this does not paint a picture, nothing will. You can see, that the marketing portion and the value added companies, not producers, are getting the food dollar.

NABC: Why cooperate?

*Gate to Plate Price
Spreads*

Based on the same USDA statistics, here is the return on equities respectively of the producers versus the value adders. You will note a return on equity of 14 percent for the value adders, and only 2 percent for the producers. It is a pretty sad state of affairs for the producers, and it is something that has to be addressed. The goal has to be to get beyond just putting your product on the stock trailer and to try to get it onto the plate.

KEYS TO SUCCESS

Structure

It was decided to go to a value added cooperative concept. Characteristics of a value added cooperative, or NGCs, which are new generation cooperatives (I will use the terms interchangeably), are a limited membership, delivery contracts, two-way commitment—commitment by the producer to deliver and a commitment by the co-op to take. So basically, for the producer, his animals are considered to be under contract. It takes a generally high-equity investment, unlike the local cooperative elevators, with which you may be more familiar. An NGC requires an investment to be able to be involved. They almost always have a value added focus. The directors are members elected by members. There are no outside directors. Every director is a producer member. It is one-member, one-vote, which is common in cooperatives. Profits are typically distributed to members only, based on patronage.

Markets First

The marketing plan is the first key to success of these type of cooperatives. I think the fact is that farmers and ranchers are primarily production-oriented. It is a real difficult thing for a rancher to put together a marketing plan for his product. But this is one of the first steps and the first test of the viability of the enterprise. So, development of the marketing plan takes marketing research and distribution considerations, and it has to consider competition. In the case of bison, it is kind of unique, because we do not really have competition. We feel we do not compete with other meats, as we do not view beef, pork, or any of the mainline meats as competition at all. However, competition generally must be considered. Export potential was important in the development of our marketing plan, because there is a very high value market in Europe for bison. It represents now about 20 to 25 percent of our total output, and there are other considerations, as well, for a marketing plan.

A Champion

A marketing plan evolves into a business plan. In a business plan, I think, one of the most important things is that it have a vision and a champion. That is based on my experience through 28 years. Any project without a champion probably will not succeed. This does not mean a committee or a group of people. It means one outstanding individual with strong leadership attributes and strong commitment, and will not lose sight of the objective. I would argue that this is true in almost every endeavor, and we had it in spades with Dr. Throlson in this cooperative. He is unwavering and a very strong leader. The business plan has to be like a road map. It has to be followed, it has to be realistic, and you have to stick to it. It is essential.

NABC: **Why cooperate?**

% Return on Equity

Characteristics **of NGCs**

- *Limited Memberships*
- *Delivery Contracts*
- *High Equity Investment*
- *Value Added Focus*
- *Directors and Members Elected by Members*
- *One Member/One Vote*
- *Profits Distributed to Members*

NGC: Keys to Success **Marketing Plan**

- *Ranchers/Farmers Production Oriented*
- *Market Research*
- *Distribution*
- *Competition*
- *Export Potential*
- *Others*

NGC: Keys to Success **Business Plan**

- *Vision/Champion*
- *Road Map*
- *Realistic*
- *Stick to Plan*
- *Financing*
Conventional
Special Programs
- *Other*

Financing

For the financing of that plan, there was a lot we had to consider. We have used the North Dakota Development Fund, regional economic development funds, local bank funds, and Bank of North Dakota funds. We have dealt with others. Although we have not used the St. Paul Bank for cooperatives yet, we have been talking to them. Their president, Dennis Johnson, is here, which I am really pleased to see. We have had great support from the financial institutions for our cooperative. All programs have to be evaluated to effectively finance these kinds of business ventures.

Management

Another key to the success that is often overlooked, I think, is the management. And here I am not talking about myself. We have recruited a complete management team at North American Bison Cooperative. You know, there is a story about a very successful man who was asked, "If you could just boil it down to one or two words, what are the reasons you are so successful?" He said: "Two words, right decisions." Then he was asked "Well, how did you make those right decisions?" "One word: Experience." "Well, how did you get the experience?" "Two words: Wrong decisions." And really, my way of saying that is that you cannot put an old head on young shoulders. It takes experience, it takes professional management to move something like this forward. And it is one of the things that is often overlooked, especially in rural areas such as North Dakota. There is not an array of top management around. This talent has to be found; it has to be somebody who is committed to living in the area, and to being a part of the community. And somebody with the experience to handle the size of tasks you have. Some of these tasks are very formidable.

The management team needs the full support of the board. They have to have the freedom to run the business. They have to be held accountable for their results. The board cannot micro-manage a professional management team or it will not work.

In a cooperative, communication with members is probably one of the most important things. It's unique in that there are so many bosses who have their money on the line, and they have to be communicated with, even if it's bad news. You have got to talk to them. That cannot be avoided if it is to be successful.

The Equity Drive

The last key to success that I list here is the equity drive itself. These NGCs require a high equity investment. I think in terms of 50 percent, with 40 percent an absolute minimum. The equity drive has to paint a picture. It has to show, for the long term, how this makes sense. You have to be able to convince these farmers and ranchers, truthfully, that this makes sense for them in the long run—not for this year—but for their whole career. And to do that, you have to be very long term in your thinking. You have to get the supply contracts in place. In the case of the Bison Cooperative, without a supply contract, there would be no cooperative. That was the whole key to the cooperative's success. We limit the membership. We limit it only to producers, and those producers are approved by the board before they become members. And anything like this has to have a long-term plan for expansion.

NGC: Keys to Success Management

- *Professional/Experienced*
- *Needs Support of Board*
- *Freedom to Run Business*
- *Accountable for Results*
- *Communication
With Members*

THE COOPERATIVE

The North American Bison Cooperative itself was established in 1993, in New Rockford, N.D., and went into production in February of 1994. It slaughters, processes, and markets bison meat and by-products. It is an NGC. There are about 240 ranchers. That is changing daily. It is probably 246 by now. Those ranchers collectively own about 85,000 bison. There are currently 8,500 a year under contract to the plant. For your information and frame of reference, that is probably more bison than were killed in North America three years ago for the whole year. There was an original installed capacity of 5,000 animals a year, and we doubled that capacity to 10,000 a year for this current year starting in January. We are now running at about 6,500 with 40 employees. We are USDA and EU-approved. Just one little correction on what Dr. Plough said. We are the only EU approved facility in the U.S. dedicated to bison production, and there are other USDA plants. I just wanted to make sure that was clarified. We do include a complete value added sausage line, of which you are sampling some of our products.

The markets for us are North America and Europe. In North America, we sell opportunistically, using distributors, wholesalers, restaurants, food service, C stores, even mail order—any place we can sell this product. We are in the Cabelas catalog. We are selling through every kind of a distribution network possible. Additionally, we sell by-products such as leather and skulls. All of our leather is sold under contract to a boot and shoe manufacturer. Our skulls are sold through numerous channels. Many of them are decorated by Native Americans. You know, a buffalo skull is supposed to bring good luck to your home. When I see one hanging in a home or office, I have always been asked “Is that true?” And I only say, “It has been for me. It has worked very well for me.” So I do believe it is true that a buffalo skull is good luck. With that, I am going to show you a video we developed, called, “The Bison Have Returned.” It is about a 13-minute video which tells a little bit of the North American Bison Cooperatives story. After the video, I will proceed with the rest of this presentation.

VIDEO

Bison once roamed the plains in numbers so large they could not be counted. Churning mammals that rippled across the prairie like waves in the ocean darkening the landscape and striking awe into the heart of the explorers who first saw them. “Thicker and thicker and in larger groups they come,” said Colonel Richard Irving Dodge, “until by the time the grass is well up, the whole vast landscape appears a mass of buffalo. The buffalo appear to move northward in one immense column oftentimes 20 to 50 miles at width and at unknown depth from front to rear.”

Native American tribes moved their villages in accordance with the movements of the great herds depending on the bison for subsistence. Then a great tug-of-war began between man and nature. Hunters, first interested in the animal’s tongue and hide and later in snuffing out the Native American’s primary source of food, clothing, and shelter, began to kill bison by the thousands. By 1889, there were less than 600 bison left in the United States. Now, far from hovering at the brink of extinction, the bison is back in record numbers

NABC

- *Slaughter/Process/Market*
Bison Meat
By-products
- *New Generation Cooperative*
- *240 Ranchers*
- *85,000 Buffalo Owned*
- *8,500+ Buffalo/Year Under Contract*
- *Original Capacity of 5,000/Year*
- *Current—6,500/Year, 40 Employees*
- *USDA and EU Approved*
- *Value Added Sausage Lines*

NABC Markets

North America

- *Wholesalers*
- *Distributors*
- *Restaurants*
- *Food Stores*
- *“C” Stores*
- *Specialty Stores*
- *Mail Order*

Europe

- *20 to 25% of Production*

By-Products

- *Leather*
- *Skulls*
- *Art*

and growing at a dramatic pace, thanks in part to bison ranchers who have dedicated themselves to propagating this bold and magnificent animal.

Once more, bison has become a significant part of our food chain. Modern man has learned what Native Americans knew 200 years ago: that bison is a delicious and healthful food that can and should play a significant part in the American diet. A major player in bringing a taste of the Real West to the modern world is the North American Bison Cooperative. Mindful of the rich heritage of the American Bison, and dedicated to quality from start to finish, the NABC is processing America's original health food.

The North American Bison Cooperative was formed from the vision of a group of ranchers that this industry could grow and prosper on the basis of exceptional quality standards and an organized marketing program. NABC consists of over 200 members in 12 states, three Canadian provinces, and one European country.

These members collectively own an estimated 75,000 animals and have committed to deliver over 7,500 young prime slaughter animals to the cooperative every year. These animals are then processed under the highest sanitation standards to provide exceptional product quality. The plant provides a consistent high-quality meat for health conscious consumers and the gourmet who appreciates fine meat. NABC ranchers have not only built the largest bison processing facility in the world, but have set and enforced rigorous quality standards for their meat. This facility has the capacity to process 10,000 animals per year under USDA inspection. The plant is also European Union approved. The only USDA and EU approved facility in the United States specializing in bison processing. Even the fence and shed meet EU requirements.

Animals are trucked in from a 1,000 mile radius to New Rockford, N.D. Outstanding health and uniformity are hallmarks of the animals to be processed. All are finished on a high-quality grain ration and are certified to be free of growth hormones, antibiotics, and disease.

Members are paid for their animals by the cooperative based on the graded carcass weight. Prime bison weigh approximately 1,100 pounds and are 18 to 30 months old. They are graded on hot carcass weight, age, fat content, fat and lean color, and bone ossification. As the animals are moved into the working area, they are sent through a series of three chutes, the second of which contains the live weight scale. It is here that the pen manager notes the ear tag or ID number and live weight. A vial of blood is collected from all animals to be tested for brucellosis and other diseases. It is then approved by a USDA veterinarian and inspector prior to further processing.

The plant uses a modern rail system, which consists of seven stations. At each station, are equipment sterilizers, six with knee or foot pedals, boot washes, and apron washes. All employees comply with OSHA standards by wearing protective clothing, boots, and headgear. As well, each must have a medical health certificate issued by a qualified health professional. This meets the stringent standards set by the European Union and the USDA. They strive constantly to keep the work area sanitary, as their goal is to produce the best quality product possible.

This care and strict grading criteria assure a consistent product to the customer. Our product is routinely cultured to quantify the results of our rigorous testing and have not only proven that our sanitation procedures work, but are in fact leading the industry to new standards, both here and abroad.

Mr. Jean d'Hoffchmidt, president, Bison & Company SPRL, Bastogne, Belgium. "We've made some routine culture testing and we were very pleased to note the standard of quality."

The doors of opportunity have not only opened in expanding meat markets, but also for our members as well.

Mr. Dave Giesbrecht, president, Manitoba Buffalo Association, partner, Vestfold Ranch. "The ranchers that own North American Bison Corporation, are a very unique group of people that have the ability to control their product further than the farm gate. They can control their product, which is buffalo meat in this instance, right through to the wholesaler, and therefore can assure themselves that they are going to get a reasonable price for a lot of years in the future."

Mr. Larry Baer, NARC attorney, partner, North Prairie Bison Ranch. "Bison producers are very sharing in their information. The state association that we have in the state of North Dakota, combined with the cooperative, which is an international organization, on a semi-annual basis are getting together and bringing in top-quality sources of information, whether it be economics, animal husbandry, grass sciences, or marketing, they are just leaning over backwards to share that information."

Our members feel that the North American Bison Cooperative plays an important role in the entire industry. **Larry Baer,** "If I were contemplating getting into bison, I would not do it without a contract in place to market a substantial portion of the bull calves I am expected to raise. The risk of production, the risk of marketing that production is too great, the value of the product is too great. It gives a person a peace of mind to know that you have got a substantial portion of your annual production under contract."

Dave Giesbrecht, "It is the most producer-friendly place that I have ever dealt with, and it offers so much opportunity even for the guys who are starting up now. It offers so much opportunity in the fact that they can stay home and look after their production requirement."

Kenneth J. Thielson, president, NABC, owner, Kenmare buffalo ranch,

"We are the only place the producer is paid for the quality he produces and therefore the product is marketed accordingly. I think these bison are here to stay for a long, long time. It is fun. It is fun working with an animal that has all these strengths, that he is already a survivor now, and now if I can expand on my role as a veterinarian, I say now, my role as a veterinarian has gone 180 degrees. Now, I have to try to help this animal to be a producer without changing him, and I think that is the real key. I do not ever want to change him."

By-products are also very important at NABC, not the least of which is the hide. To insure that they are not damaged in any way, all of the hides in this plant are pulled. After the carcass is finished and approved by the USDA inspector, it is weighed. This is an important point in grading criteria. A prime carcass will weigh from 575 to 725 pounds. After the carcass has cooled, it is stamped with our USDA establishment number and then is graded, another indicator of consistent quality.

Before processing can begin, a pre-op inspection is done. All equipment is checked and approved for cleanliness and sanitation. The ambient temperature for this room, the sausage kitchen, boxing room, and coolers, is 35 degrees Fahrenheit. Carcass halves are moved to a processing room where they are quartered, deboned, and processed into primal or retail cuts, depending on the customer's specifications.

Hard working and dedicated plant workers are fast and efficient. Their priority is the customer's satisfaction. Bison is cut to the NAMP standards for beef. Therefore, a customer is always assured of getting the same cut that they might order in beef, whether it may be ribeye, tenderloin or sirloin. Extremely low in fat, tender, tasty, high in protein and low in calories, bison is the ideal choice for the health conscious consumers.

All cuts are packaged in special vacuum sealed bags. These products are then shrink-dipped, boxed, and weighed. The boxing team sorts and weighs the packaged meats before readying them for shipment. The product is shipped both fresh and frozen in NABC boxes. However, the plant will custom package or cut for any customer as well as use private labels. NABC bison is shipped worldwide to both private consumers and to the largest of wholesalers. Our customer's satisfaction, whether big or small, is priority one.

An added value to the plant is the modern, high-tech sausage kitchen. Staffed with well-trained personnel, we can produce a variety of delicious products including seasoned, cooked roast, Italian-style bison, salami, smoked sausage, jerky, chew sticks, wieners, bratwurst, polish sausage, and many other products. The kitchen consists of several rooms, including the main room where the products are mixed, the raw product and ingredient cooler, the smokehouse, and the finished product cooler.

Our equipment in these rooms is state-of-the-art. Many have microprocessors, programmable controllers and recorders. The stuffer is capable of stuffing ground bison chubs of various sizes or can link sausage products. A roast can be seasoned and cured in one-tenth the time of the traditional curing process with our tumbler. And the grinder can easily grind large amounts of trim per hour. Then, to fit the customer's needs, the patty machine can produce a variety of sizes and shapes. The bison-shaped patty is a popular one with consumers, restaurant owners and distributors. The product is then chilled in the finished product cooler, and readied for packing. After it has cooled, the packaging machine will package in a variety of sizes as small as a single piece of jerky and can easily handle large quantities. It also ensures the integrity of the product by vacuum sealing every package. Rigorous testing and sampling is done before any product is placed for retail or distributor sale. All recipes are USDA approved for cooking methods and ingredients used. Lab testing is also done to assure maximum shelf life and freshness quality.

The product is then loaded for its final destination through a loading door which is air and dust tight, another USDA and EU requirement. Orders are also shipped by United Parcel Service and Federal Express as well as being available in the retail case at the plant.

It is here in the office that the productive work force dedicated to customer service, employee issues, and communications with membership reside. Customer requests for special cutting and packaging needs are evaluated here. Export documentation is completed in a timely and efficient manner. The staff is capable of handling export business throughout the world.

Just like the Native American of the past, NABC ensures that every portion of the bison is used for high-quality products. As Francesco de Coronado said of the Indians he observed, "They subsist entirely on bison, for they neither plant nor harvest maize. With the skins they build their houses, with the skins they clothe and shoe themselves, from the skins they make robes and also obtain wool. From the sinew they obtain thread with which they sew their clothing and likewise their tents. From the bones they shape awls and the dung they use for firewood, since there is no other fuel in all that land. The bladders serve as gugs and drinking vessels. They sustain themselves on the

flesh of the animals, eating it slightly roasted. They eat raw fat without warming it, and drink the blood just as it comes from the cattle. They have no other food." Serving an economic purpose has renewed the life and the herds of the majestic and powerful American Bison. Just as the Native Americans used bison for their economic gain and welfare, so does the North American Bison Cooperative. A cycle is completed. The bison have returned and they will not leave us again.

END VIDEO

Strategy of NABC

- *Produce Highest Quality Meat*
- *Produce Fresh Produce Weekly*
- *Establish Distribution Channels*
- *Increase Public Awareness*
- *Market Product Worldwide*
- *Control Supply
Protect Production
Prices Producers
Share in Marketing
Margins*

Supply Control

- *A Strategic Weapon*
- *Control 60% of Supply
Minimum*

Market Share

SUPPLY AND MARKETING STRATEGIES

As you can see, the video is already slightly out of date. Some of the numbers did not jibe with the ones that I mentioned earlier because we are growing so rapidly. This video was funded half by NABC and half by the North Dakota Buffalo Association, which we greatly appreciate.

The strategy of NABC is to produce the highest quality of meat available, to produce a fresh product weekly, to establish distribution channels that the meat can be moved through profitably, to increase public awareness, and to market the product worldwide. Obtaining EU approval was very unusual for a company like ours, but the founders who put this together saw the European market as a key to our success. The last major strategy was supply control, both to protect producer prices and to allow our producers to share in the marketing margin.

Supply control itself can be a strategic weapon in protecting your price. There are a lot of ways to maintain a higher priced product. One would be through extensive promotion and marketing to create a perceived value in the minds of the consumers. Maybe companies such as Mercedes Benz and Rolls Royce use that approach of perceived value. There are others, but certainly in the case of the bison industry, the single most important strategy is that of supply control. If producers can control the supply, they can control the price. Our goal, in fact, was that anything bigger than a backyard barbecue is going to have to come through New Rockford, N.D. It was that simple. We set out with an immediate goal to control at least 60 percent of the total bison slaughtered and processed worldwide.

Here is what we have actually accomplished. We went with the supply contracts and the membership we had in place. The first year of operation, we processed approximately 25 percent of the bison worldwide. Year two moved us to 35-45 percent, and in the current year we will be over 50 percent of the bison processed worldwide. We will exceed our goal by 1998. We have already gotten to the point where we now set the prices for virtually the entire market. There are no more price studies even being done. Two marketing companies have told me, "Why even study it anymore? You guys just determine what it is and that is it." That is really the truth. We have maintained producer prices for our members since 1994. The price of animals delivered to the plant has not varied in those three years.

Another major strategy was segmentation. First of all, the fresh versus the frozen. We wanted the fresh market. We were looking for 60 percent of the bison, but we wanted about 90 percent of the fresh bison. In fact, we were even willing to help the other slaughterers with the frozen portion. We were willing to give that up to take the fresh market, and we have done that. Right now, over 95 percent of the meat that goes through the plant weekly is shipped fresh, distributed fresh, sold fresh, and consumed fresh. It never sees the freezer. This is a major step in the bison industry, and the biggest factor that allows it to go mainstream.

The European market started out as just a drip—less than 5 percent of our production the first year. Doc Throlson and I attended a major trade show in Germany in 1995. We developed multi-lingual literature and pushed hard on that market. In fact, it is a very affluent, attractive market. Europeans are conditioned to spending a greater percentage of their disposable income on food. They have a taste for game and types of meat other than what I would call conventional, and they love bison. They cannot get enough. Right now, we have to limit that market or they would just take it all, and it just came from nowhere.

We think the addition of a value added sausage line is very important. We have such high-quality standards for our steaks and roasts and primal cuts that we have to have an outlet for the other product that does not meet our standards in tenderness and taste, so we have a complete sausage kitchen. Every product conceivable from jerky to the ones you are trying are produced in our sausage kitchen and are recognized as of the highest quality.

The last strategy is brand name recognition. We have a very catchy logo. We have been complimented on it all over the world. We are now developing a marketing name. I do not know if we will become a Nike or Coca-Cola in name recognition, but I think that you will see over the next year or two that our product will be getting a lot of name recognition. We are coming out with a marketing label and a new marketing name.

BENEFITS TO MEMBERS

These are some of the benefits that have come to our producers through this association: Number one is a fair price. When our cooperative originated, we jumped the price about 10 percent in the market over the prevailing price at that time. People always ask me "Have you paid a dividend yet?" Although we have not paid a patronage dividend, we have been paying dividends from day one. We went right in with a price of \$2.35/pound instead of \$1.90/pound, which was the then prevailing market price, and we have maintained that price. Our producers have benefited from day one.

Our producers have a guaranteed market for their product. It is extremely important to farmers and ranchers to know their price and know that the market is there when they are putting together their plans and their own financing.

Our producers have an opportunity now to participate in the marketing margin. It is the biggest part of the margin that is out there.

Market Segmentation

- *Fresh vs. Frozen*
- *European Market*
- *Value Added Sausage Product*
- *Brand Name Recognition*

NABC: Benefits Through Cooperation

Market for Producers

- *Fair Price*
- *Guaranteed Market*
- *Opportunity to Participate in Marketing Margin*
- *Better Banking Relations*
- *Allows Concentration on Production*
- *Fewer Sleepless Nights*

Our producers have enjoyed better banking relations. I wanted to raise bison for many years. I bought my first bison about two weeks after this cooperative was announced, because I did not have any idea what I would do with bison until then, if I bought them. I did not want to run up and down the road trying to convince all my friends and family to eat a bison burger. I wanted an established market. NABC provided that and allowed me to go in and work with the banker and tell him where these animals were going to go, and that is the major contribution to our producers.

This allows ranchers to concentrate on production. That is what we do. We are a bunch of ranchers and farmers, and we produce better than anyone in the world. This really allows us to concentrate only on production. I think the biggest benefit is fewer sleepless nights. It sure is nice to know that cooperative is there behind us.

Another major benefit has been what I call supporting the market growth. The publicity and awareness of bison has increased so greatly because of this cooperative that it is unbelievable. For one thing, I would not be here today, and you would not be hearing about bison, if this cooperative was not in existence. My ranch holds no interest at all to the *New York Times*, *Washington Post*, *LA Times*, *Denver Post*, CBS, NBC—all of the media, both print and television, that have come through the North American Bison Co-op. All of this publicity has come about only because of what I call this critical mass being created. Individually, we were viewed as nothing but a bunch of eccentrics. Now collectively, we are an industry and people are saying, "Hey, maybe those guys have something. They are getting a fair price, they are making a little money, they are doing well." So that is that critical mass that I talked about. I have two short film clips. I do not want you to watch TV here all day, but we have a four-minute CBS Morning News cut, and one from MSNBC. These represent national coverage of the bison industry. I will show you what can be done through cooperation. I mean, this is one of the most unbelievable things in the world. It takes an industry from where no one paid any attention, to this kind of national and international coverage. Because, in addition to these, we have had Denmark, Germany, The Netherlands, and others come over to do television coverage.

NABC: Benefits Through Cooperation

Supports Market Growth

- *Publicity/Awareness
Critical Mass
TV, Radio, Print*
- *Improves Markets
for Breeding Stock*
- *Quality Standards
for Long-Term
Health*
- *Allows for Fresh
Meat Program*
- *Provides Stable
Structure for
Industry*

VIDEO

This morning our Window on America opens on the wind-swept grasslands of North Dakota where the buffalo roam once again. And as correspondent Frank Courier shows us, the people of the Plains could not be happier.

After near extinction a century ago, the American Buffalo is charging back. In record numbers, this free spirit of the old frontier is now a bold new symbol of economic revival in North Dakota.

Dr. Ken Throlson, "Bison were in North Dakota in big numbers, huge numbers, and now they are coming back. They were made for here."

North Dakota rancher Ken Throlson is helping lead the comeback here on the same open range where most bison were wiped out by 1875, their skulls stacked as trophies by white hunters invading Indian lands. Today Throlson raises 850

buffalo, for an industry fast becoming more profitable than beef, spurred by booming demand for red meat that is low in fat, cholesterol, and calories.

Dr. Throlson, "As society has progressed, we have gone back to more natural things, and this is a very natural meat."

The commercial renaissance began here 18 months ago on the edge of New Rockford, N.D., at the nation's first and only meat packing plant devoted exclusively to buffalo. It is a co-op owned by area ranchers and has doubled its output in a year. Manager Bill Heisler says it will soon process up to 10,000 buffalo annually—still not enough to meet the world's demand.

Bill Heisler, NABC plant manager, "Every day we get more orders and more orders, and we just need more animals to fill them."

At the packing plant, buffalo looks pretty much like beef. The filets, ribs and roast are cut just the same. The once tough, stringy texture has gone away. But while buffalo steaks have only 1/3 the fat of choice grade beef ribeyes, it is pricey, nearly double the cost of beef.

Dennis O. Sexhus, COO, "We do not see ourselves as a competitor for beef at all. We are a very, very small niche market. We appeal to the health conscious consumer, to the high-end restaurant."

And to popular, but not so high-end restaurants like the Bison Country Inn, down the street, where buffalo is always on special and always in demand.

Gayle Dod, owner, "Bison burger is very popular—one of the most popular items on the menu."

"It is a favorite with veteran weight watchers," **Anna Maria Weber and Ann Martell**.

Anna Maria Weber, "It is low-cal. It is supposed to be very healthy meat."

Ann Martell, "This is the first tender buffalo I have eaten. Some of it has been tough, but I think they are learning how to cook it. It has to be cooked slowly."

North Dakota's grand experiment in rural revival is paying off. Within a two hour drive of here, nearly a hundred new commercial buffalo ranches have sprung up, adding to a statewide industry already worth \$50 million a year. The buffalo is key to an aggressive economic comeback campaign aimed at bringing new money and jobs to a state with an empty image.

North Dakota Department of Tourism, "Our cities will welcome you in the open arms tradition of the Midwest."

Governor Ed Schafer, "People are focusing back on the Midwest. They are seeing North Dakota, and that buffalo is kind of a symbol, what we used to be all about. It is the wide open spaces, it is the prairie, it is the good life."

It helped lure young Scott Throlson and Brent Lee back to their home on the range. Discouraged by the financially troubled beef cattle market, both had left the state to find jobs.

Brent Lee, "If it were not for buffalo, I would not be in North Dakota right now."

Scott Throlson, "It seems like there is a chance for a guy to actually get in and turn around and make some money."

And for more than a few ranchers, it is not just about money. Dr. Throlson, "Well, a lot of us early ones got into it because of the love of that wild animal, the romance of the past history, the nostalgia of the Wild West, or what have you. It takes you back in time, you know."

Ironically, in this strategy to restore prosperity to the Great Plains, a state that never tried until now to save its native buffalo, is counting on the buffalo a century later to help save the state.

Frank Courier, CBS News, New Rockford, N.D.

END VIDEO

VIDEO

This is the story of how a nation obsessed these days with fitness seems to have discovered the benefits of a large, hairy animal not known for personal hygiene. The other red meat.

Chef, "It is low in cholesterol, fat content, and it is good for your heart. A lot of people who cannot eat high fat beef, can buy the buffalo."

The animal that once amounted to target practice for settlers in the American West, has turned trendy. While no better looking than its ancestors, the buffalo, or American bison, as it is known officially, has caught on these days—kind of.

"The special is sautéed American buffalo medallions."

Bison meat has actually become a marketable alternative.

Chef, "It has no cholesterol. If you have a cholesterol problem, you can eat this every day."

Actually, it is relatively low in cholesterol when compared to its relatives. And those adventurous eaters have given the once flat bison industry a boost.

Bison ranching used to be just a hobby. It is now a serious business. The North American Bison Cooperative, as they call themselves, now has 200 member ranchers from 12 states and three Canadian provinces. The most famous among them is Ted Turner. The man who owns the Braves, also owns more bison than anybody else. Five thousand animals a year are brought here to New Rockford, N.D., slaughtered, processed, and shipped out to market.

Dennis O. Sexhus, "The original challenge was to sell the meat, now the main challenge is finding enough bison to fill the orders. We really are growing rapidly."

Bison ranchers now find themselves servicing restaurants from the West Coast to the East Coast to Europe, where bison is marketed for its health benefits and something else.

Dennis O. Sexhus, "There is a romance to the product. I think it is the Old West. I think that is part of what we are selling. We say even on our napkins and on some of our literature, 'A Taste of the Real West.' It is."

The unofficial headquarters of the buffalo stands in Jamestown, N.D. At 26 feet tall, it's hard to miss. A monument to the species. The National Buffalo Museum—13,000 people a year pass through here, brought here by their interest in buffalo.

Donna Zimmerman, "It is a part of our history; a part that perhaps was lost for a long time."

Dr. Throlson, "I think it is so strange that our ancestors, forefathers, came to this country and they pushed an animal off the land that was very natural in this land. He was naturally living here, growing here, eating the vegetation, living in this climate, and we have replaced him with an animal we have to help, continuously."

While there is some competition between the cattle rancher and the bison rancher, those in the bison business satisfy themselves by saying that they raise a specialty product.

Dr. Throlson, "I, myself, feel no competition with cattle. I eat a lot of beef when I am away from home. I like beef, and I think they are entirely two different products. I do not think lobster cares how much shrimp there is."

Dennis O. Sexhus, "Once people try it, they feel good about themselves eating the low-fat diets, and it tastes just delicious. I cannot tell you how habit forming it is. I just hope that no one makes us put a warning on it that it could be habit forming, because it truly is."

END VIDEO

***NABC: Benefits
Through Cooperation***

**Education/Information
Network**

- *Supports Research*
- *Seminars*
- *Newsletters*
- *Informal Network*

BENEFITS TO THE INDUSTRY

The other things that cooperation has done for us, as producers, is improve the market for the breeding stock. Breeding stock prices have about doubled or tripled since the cooperative came into existence. All that has come about as a direct contribution from the co-op. We have established high-quality standards for the long-term health for the industry. Without that, as Doc Throlson has often said, this industry was probably ready to self-destruct. We now have standards and when people order bison, they expect a certain quality, and they get it. We have provided the fresh meat program I mentioned earlier, and we have provided a stable structure for the industry.

The last item on what the cooperative has meant to our producers is the educational and information network that has come about. We have been involved directly in supporting research through the NDSU Experiment Station at Carrington and research by Dr. Marty Marchello of the Meat Science Department. I know Dr. Marchello is here and we appreciate his attendance. All of that support has helped move the bison industry forward for our individual producers. We put on seminars twice a year for our producers, we put out newsletters to communicate, and probably most important is the informal network among our producers. Getting to know other producers and communicating with them has been a tremendous benefit to each of us ranchers.

THE FUTURE

This is where the bison industry is going. First of all, I think that there is a profit opportunity for farmers and ranchers throughout the Great Plains of the United States and Canada. As I said earlier, the farther north you go in this continent, the more advantage this animal holds, because of his ability to take the weather. A lot of people have moved to bison from what I call conventional agriculture and from non-farm jobs. We are seeing the Native Americans coming back into bison. I think they are going to be a major factor in bison production in the future. They have a lot of grass and a lot of land that the bison will fit on extremely well.

The bison is not, however, for everyone. I would be the first to admit that. Bison are not a cure-all for everything. Yes, they have done well. But, I believe, they will be raised successfully by only those who have a deep interest in them and love them. We are going to see a transition from hobby to commercial. People are going to give up their day jobs. Almost all bison producers in the past had day jobs whether it was wheat, cattle or working off the farm. Now we are seeing the transition to commercial bison operations—sizable ones, several hundred cows, maybe a thousand cows. They are going to become more like large beef ranchers in this regard.

We are going to see the management become more and more intense when we move to the commercial operations. It is going to require more research on both production and the nutrition of the meat. We are working with NDSU on both. Hopefully, the legislature this year will fund bison research at the Carrington Experiment Station. The ranchers badly need that, and we are in full support of it. There are at least two major studies being

***Bison Production—
The Future***

- *Profit Opportunity for
Farmers/Ranchers*
- *Transition from Hobby
to Commercial*
- *Increased Research
Production
Nutrition of Meat*
- *Vertical Integration—
Feedlot*
- *More Plants*

conducted on the nutritional value of the meat. Dr. Marty Marchello recently confirmed the fat and cholesterol levels in fed bison meat through an extensive study supported by NABC and the ranchers. There is also a study being done through the National Buffalo Association at, I believe, the University of Massachusetts, where they have theorized that the type of fatty acids found in bison meat is very beneficial to coronary type illness. They are now feeding some bison meat to hamsters for a preliminary study, and then they will start the human trial if preliminary results warrant. All of these things will work in favor of the bison industry, I believe.

We are going to see more vertical integration. The next step for our co-op will be a feedlot to increase the quality, uniformity, and availability of our animals.

We are going to see more plants. The dream of the co-op is to establish a network of plants across North America. This is not the American Bison Cooperative, it is the North American Bison Cooperative. We ignore the 49th parallel. Twenty percent of our members are in Canada, and we intend to have plants across all of North America and process every bison that we can process.

That is the future. I think it is a great animal and a great story. I hope you enjoyed me telling it, I do not know the time schedule here, but if there are any questions, I would be happy to field them. Thank you very much.



QUESTIONS AND ANSWERS

Q: How rapidly do you anticipate the market will expand? You are now slaughtering about 8,000 animals annually.

A: The market for bison meat is going to be dependent on the supply, because the industry is expanding as fast as it can. The market is there. We are on allocation now. The industry has been experiencing a compound growth rate of about 20 percent—the meat portion of that industry. NABC has experienced about 100 percent compound growth rate the last two years. But the industry itself is about 20 percent. So that is the rate of expansion into the foreseeable future. It will be limited by supply.

Incidentally, I should say that, just to give you an idea, in North Dakota—the co-op has a lot of ranches from various states and provinces as members—but in North Dakota, bison is third in importance as a livestock enterprise to the farmers and ranchers in this state. It is only behind beef and dairy. It has passed pork, sheep, poultry and all other conventional livestock. This is not a fringe thing anymore. This is truly mainstream. Even though a lot of people would not know that, because there are a lot of people that still think the animal is going to be extinct. But it is mainstream to North Dakota. It is not fringe anymore. The Bank of North Dakota, for example, used to call it non-traditional agriculture. Now it is off of that list. It is considered mainstream for this state and, I think, for a lot of the states in this region.

Q: Just comment briefly on the killing of the bison around Yellowstone and the possibility of moving those animals to other locations.

A: There are two infected herds in the United States, one is the Yellowstone herd and one is a private herd in South Dakota. It is our feeling, as a cooperative, and as producers, that those herds should be tested and destroyed. They are diseased with brucellosis. It has caused a lot of friction between cattlemen in the area and the bison enthusiasts and the wildlife people. There is no reason to maintain that diseased herd. There are enough bison to replenish the herd with healthy bison. It is a political thing. By the way, there is no documented case, that I am aware of, that a bison has ever given brucellosis to a beef animal. But there is that fear that it could happen. The other thing that is kind of unusual about that is brucellosis does not really affect the bison. They do not abort from brucellosis like cattle do, so they are more tolerant of it. But that is the situation from our point.

Q: Speaking of diseases—what diseases have any of you seen with your bison?

A: We see virtually none. We have an aggressive worm parasite program. We do not give a shot. We do not walk around with our pockets full of needles. Of course, Doc says that is because we cannot catch them. They get medicated very little, and that is, of course, another thing that appeals to the people who are buying our product, is that they have not been injected or implanted with anything. They do not have hormones or growth promoters. That is part of our marketing strategy. They have virtually no disease. Like Doc Throlson says, they are the most resistant to disease of any mammal of which he is aware. It is interesting that we have never seen one with cancer go through our plant at New Rockford.

Q: Why do you put MSG into your sausages, and nitrates and all that stuff?

A: We do it to be shelf stable. The sausage market is really a shelf stable market. The nitrates are for shelf stability and MSG enhances flavor. We are aware of the MSG controversy, and are considering eliminating it.

Q: You were talking about the bison eliminating cattle. How far off do you see that and, at some point then, is bison going to replace a portion of the beef market, are people who eat beef going to eat bison?

A: There are more beef killed per day than there are bison in the world. So, it is such a small thing it would be very hard to even get to where it could be a possibility of bison ever replacing beef. We do not predict that. I think the bison boom is going to continue for many decades, because it is still so small. I could drive through Chicago and probably drive by a thousand restaurants, and there is probably between zero and one of those thousand that would serve bison. I know personally of two restaurants out of the thousands in Chicago that serve bison. I know of one here in Fargo. I had a steak there last night. It was fantastic. It is called the Grainery. It is so small yet, and I just cannot

imagine at any point, that we would ever be a problem for beef. Maybe several generations from now, but not now.

Q: Do you know how much time it takes to go from starting a herd to the time they are actually selling animals?

A: The only thing fast in the buffalo business is the buffalo. It certainly is not a get-rich-quick scheme. Basically, a buffalo does not breed until they are two-years-old and have a calf as a three-year-old. Then you have two years to fatten the animal and sell him. So, it is a five-year cycle from when you would buy a heifer calf until you would see any revenue. So, you have to have a very patient banker, like Tom back there.

Q: What type of animal are you killing for processing now?

A: We process what I call the excess bulls that come out of the production cycle. About 10 percent of the bulls are needed for breeding, the other 90 percent are what I call excess bulls, and they are processed. We fatten them to about 1,000-1,200 pounds and process them. Two years old, nominally. Nothing over 30 months is ever kept for primals or steaks.

Q: Any selective breeding work?

A: Breeding work? Do you mean like artificial? There are people that are working actively on improving the animal as far as a producer, larger, more growthy animals. That is being done on a selective basis.

Q: Do you expect entry by other firms that will become more competitive with you?

A: Other firms in bison processing? No, there is such a barrier to entry that it would be very difficult. When we have about 65 percent of the animals already under contract, it would be very difficult for anyone at this point to come in. That is not saying it is not possible. However, I think the barriers to entry would be substantial.

Q: What about anti-trust issues?

A: I do not think there is an anti-trust issue here. We are a co-op, number one. We are a non-profit organization. All profits are distributed to our producers. The co-ops are pretty well protected under anti-trust.

Q: When and where are you going to build your next plant?

A: A good question. Everybody would like to know that. Right now we have a committee appointed for site selection. We are starting the process. We will probably need the plant within two to three years, which means we have to start selling more equity and deciding now. I think, within the next six to eight months, we will see that determination made.

Q: How has mad cow disease affected the European market?

A: It is really funny. When mad cow disease first came into the headlines in Europe, the people reacted by stopping eating all meat, not just beef. I thought it was going to help us, and it actually hurt us. But that was very short term. The paranoia kind of settled down and they started looking around, and then they really started buying bison. I think the mad cow disease has probably helped bison now. But, initially, our orders stopped for about a month. We do not feed animal parts to our bison, by the way, either.

Q: What is done with older animals that are taken out of the production cycle—older bulls, etc.?

A: They are slaughtered as non-EU, because EU requires under 30 months, and then they are processed through our sausage line, our burger line, so forth, just like beef, the same kind of system.



NDSU is an equal opportunity institution.

This publication will be made available in alternative formats upon request.

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