

Painted Hills Natural Beef:

True to its Rural Roots

Based in the Northwest, this never-ever natural beef program prefers Angus-type genetics for their ability to grade Choice or higher.

Story by
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The founders behind Painted Hills Natural Beef Inc., a branded-beef company that prefers Angus-type genetics, may have started with “nothing.” But through perseverance, they have built their company into a 24,000-head-per-year business.



“That’s a long way from where we ever started,” recalls Mehrten Homer, a founder and president of Painted Hills Natural Beef (PHNB) based out of Fossil, Ore. “When we started, we thought if we used 2,000 head for the year, that’d be plenty.” But what they found was that 2,000 was far from economical.

For the first four years, PHNB members harvested 10 head of cattle a week, and had a “heckuva” time selling them.

“At one time we were down around \$400,000, killing 10 head a

week,” Mehrten says. “We said we’ll go another \$25,000 and we’ll quit.” Luckily, they never got to that point.

A big break for this business came when the former Washington Beef (now AB Foods) offered to harvest 60 head of PHNB cattle a month. Homer says he and his wife, Glenda, got in their car and went to Seattle. They talked to the Thriftway stores head meat manager, who said he’d put PHNB product in Seattle stores if it was Choice. It was, he did so, and PHNB sold 60 for the month, and repeated the process.

“It just got a little better and better. Today we run in the black, which is great,” Mehrten assures from experience. Some 90% of PHNB’s business is retail grocers in the Northwest, and a significant contributor to their success is the local-born, raised and processed aspect.

Grassroots based

The Painted Hills Natural Beef story began in the mid-1990s when beef producers from north central Oregon’s Wheeler County put their heads together to find a way to add more value to their beef products. They were selling quality five-weight calves for 60¢ per pound in 1996, and that wasn’t paying the bills for these families who ranch in transitional mountain and high-desert country.

They had a vision, driven by fellow rancher Mehrten Homer, to give the consumer a consistent, high-quality, natural beef product locally grown, fed and processed and named for the vividly colored Painted Hills found on the southern edge of Wheeler County.

In 1996, seven of these ranch families partnered to form a corporation called Painted Hills Premium Beef Inc., which set the foundation for the Painted Hills Natural Beef program and product lines of today.

Headquartered in the rural town of Fossil, some 175 miles east of Portland, PHNB is a wholesale product distributor that weekly processes 500 to 550 head of cattle. It’s



Will Homer, as well as other PHNB supplier-members, regularly shares the Painted Hills story with customers in retail grocery outlets.

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a grassroots business — there is more than 150 years of ranching experience on the PHNB Board of Directors.

While the local Fossil grocer does offer frozen PHNB product for town visitors, Will Homer, PHNB operations manager, is quick to point out that freezer beef isn’t PHNB’s business.

“We’re in the fresh boxed beef market,” he explains. “That’s what we make our bread and butter on.”

PHNB is a family endeavor for the Homer family. Mehrten was raised on a ranch in California. His father, grandfather and great-grandfather were all in the cattle business. In fact, he recently found out that his grandfather actually had built a processing plant on his ranch, trying unsuccessfully to sell cattle in carcass form. Mehrten says he finds it interesting that he’s fulfilling what his grandfather set out to do.

These days Mehrten helps his son, Lee, who manages the ranch. He also is responsible for the cattle supply coming into Painted Hills, and he and Glenda do promotions in stores, visit clients and host meat managers in their home several times a month. In the process, they take managers on tours of ranches, feedyards and processing plants.

“They want to make sure you are for real out here,” he explains. “Very seldom do you get to go to a company and the president helps take you around and comes to help sell beef in your stores.”

Oldest son Will and his wife, Gabrielle, along with new daughter-in-law Jen, all work at PHNB headquarters. Will oversees operations, Gabrielle is the comptroller, and Jen is the projects

coordinator. “It’s a good thing we all believe in this business and are all striving for the same goal since we all work so closely together,” Gabrielle says.

Differentiating to build demand

In the early years, Mehrten and Glenda are credited for taking the ‘bull by the horns’ so-to-speak, to keep the program rolling.

“Somebody has to take it and literally live it,” Mehrten explains. “If you’re going to win, lose or draw, somebody has to be so dedicated that there’s no such thing as ‘no.’ Businesses won’t survive if you don’t have somebody like that. That was Glenda and my dream — to see our beef in a store, with our sticker.”

The price of cattle went up after their program got under way, but they still chased that market and their dream. As Mehrten said, “You couldn’t stop then.”

Founding members had agreed their beef would include no antibiotics or growth hormones. They thought the name of their original product, Premium Beef, would reflect this, but it didn’t. The Homers were told there wasn’t enough difference between the Painted Hills product and others the stores already offered.

“There’s a belief in the industry that beef is beef and cheaper is better,” Will says.

“That is the struggle all of us branded programs have been up against since Day 1, to show them that beef is not beef. This is different. And cheaper is not better.”

In order to differentiate and better compete in the premium beef market,



PHNB president Mehrten Homer (pictured here) and his wife, Glenda, have spent countless hours taking the Painted Hills story on the road to share with West Coast consumers.

Painted Hills added “natural” to its name and evolved into a ‘never-ever’ natural program. Program cattle have only been fed a 100% vegetarian diet, and never had antibiotics or hormone implants.

“We’re now the same kind of standards that Coleman developed originally,” Will says. “And that’s what it takes to be competitive on the high end because there are a ton of programs out there now, and they all have their own niche.”

Mehrten and Glenda believe they were catalysts in creating a natural market for beef on Washington and Oregon’s west coasts.

“When we first started, people didn’t know about natural beef — so we had to do promotions in the stores to sell our beef and get a following,” Mehrten says. “We were actually building a natural beef program in stores that didn’t have natural,” unlike stores such as Whole Foods.

“We’re really true to the program. I think our program will always be good as long as we’re true to it,” Mehrten comments. “So many programs get themselves watered down, and pretty quick they blend away with everyone else’s beef. I believe you just have to be the real thing and do your thing.”

He also notes that meat managers and consumers alike want to meet the program’s owners and the ranchers who grow the product, especially during in-store demos.

Mehrten believes the ranchers may benefit more from sessions like these than consumers.

“So many ranchers think their market is the guy who bought their calves,” he says. He notes that when you take

ranchers to stores, and they meet and are actually thanked by the end user for producing a wholesome product, it’s then that beef producers fully understand for whom they are producing.

Stepping-stones to success

PHNB had many stepping-stones to success. The Homers consider harvesting product at what was then Washington Beef, located in Toppenish, as the one that got them on track.

“We managed to hold our money together and found enough profits to pay ourselves back out of the debts we had,” Will recalls. “But we never have been a big profitable program. Mostly the dollars are designed to pass through back to the producers.”

PHNB gradually increased the number of cattle they harvested per week at Washington Beef, topping out at 250 head in the four years they processed there.

Another huge step for the program occurred in 2004, when Tyson at Pasco, Wash., asked PHNB to come on board with them. This, too, was a bigger plant with a desirable offal credit. Better yet, PHNB could achieve its own program identity through printed boxes and plastic bags.

“So now when my product rolls into a store, it’s a Painted Hills Natural Beef box with a Painted Hills Natural Beef logo right on the bag that’s on the product,” Will comments, “That just really defined us when we made that move. Now customers know when they see our product, that’s what they’re going to get.”

Will oversees the day-to-day dealings of the PHNB business. He says he sees

firsthand the struggles of all segments: cow-calf, feeder, packer and retailer, and admits his job isn’t very fun some days. Distribution is the biggest challenge, he says.

Another challenge is utilizing and marketing the whole carcass. “That is why this business is so complicated,” Will explains. “We have to make all of the animal go away.”

He adds, “We’re basically cowboys who have learned a heck of a lot about the beef industry in 12 years. My dad tells everyone he meets that once you hang the carcass, it’s then you learn about the beef business.”

Mehrten explains, “Once the animal is harvested, then a whole different world begins. The clock goes to ticking, just like it does on a peach. You have to get rid of every part and piece on that animal for your price. If you don’t, that means you’re losing money.” Beef is a perishable — “you can’t freeze it because then you’ve lost 30% of its value,” he adds.

“There’s a lot of skill in selling the beef compared to growing it,” he continues. “And the most important person in the cattle industry is the meat manager, because he’s the one who decides how big a space in the meatcase you will have for beef compared to pork and chicken. The bigger the space, the more beef you sell.”

Consistent, guaranteed products

Today, nearly all but around 10% of PHNB’s business revolves around retail grocers in the Northwest, with some 50 locations in Washington and nearly 40 locations in Oregon. Stores in Montana and California have also been recently added. They mainly stay with the smaller

retail food chains, and can make closer contacts that way.

Will says a significant contributor to their success has been the locally grown aspect, and that very few of their customers ever leave.

Foodservice is a smaller portion of their business, but Painted Hills has foodservice distributors in New Jersey, Atlanta, Chicago, San Francisco, Portland and Seattle. The Atlanta provider has been with them for seven years — since he found them while touring the U.S. for the best beef in the country. They’ve also recently added Buckhead Beef, a leader in southeastern foodservice provisions.

Will points out that PHNB “is for everybody,” as they have users from a roadside café in Washington state to luxury hotels like Blackberry Farm in Tennessee, the Grand Wailea Resort in Hawaii and the Four Seasons Hotel in Boston.

True to its story, PHNB’s goal is to continue pleasing current clients, and to also keep growing.

“We have enough cattle that we could be economically fine just like we are,” Mehrten remarks. “But it’s better to be a little bit on the grow all the time rather than be trying to stand still.”

As a cowboy in the branded beef business for more than 10 years, Mehrten has learned more than a thing or two, and one thing is for sure: beef producers better be producing what the consumer wants.

He and Glenda are seeing their dream fulfilled — their beef is in retail meatcases and more. “It’s great,” Mehrten comments. “It’s just out of sight.”



Filling the Painted Hills natural niche

Cattle targeted for the Painted Hills Natural Beef (PHNB) program are fed at Y-1 Farms in Jamieson, Ore., and at the Simplot Feedyard near Pasco, Wash. From Simplot, it’s actually just a short walk to the Tyson plant. All PHNB animals are harvested at the beginning of the day, which ensures only PHNB product goes into PHNB boxes.

PHNB prefers Angus-type genetics for their capability to quality grade Choice or higher. The larger portion of cattle for the PHNB program comes from producers who retain ownership in their cattle through the feeding process. This is the preferred method of participation in this program; however, there are other options for those who do not wish to retain ownership.

Painted Hills buys hanging carcasses from producers and pays a bonus for Choice-grading beef. Will Homer reports that cattle fed for this program consistently grade 80% to 85% Choice, because they are not implanted and they are fed longer. They’re also older when they’re moved into the feedlot at around 14 months of age.

Being fed for a natural program, cattle need to be strong and healthy to begin with. Will says they constantly get cattle from the same ranches, or cattle from someone who knows someone else. Mehrten Homer goes out about twice annually to visit with ranch suppliers, some 70 who supply beef to PHNB.

“We try to believe in the people who believe in us and do business with them, and do them as good a job as we can,” Mehrten says.

Mark Malott of Powell Butte, Ore., has been a PHNB supplier for about eight years. Malott manages 1,800 Angus-influenced commercial cows and an extensive stocker operation.

Initially, Mehrten bought some of Malott’s calves and put them through the program. “He said that they performed so well we ought to retain them ourselves. And that’s how the whole thing started,” Malott explains.

Malott began sending 300, and now more than 2,000 head are annually targeted for PHNB. He focuses on good genetics, from selecting high-quality bulls to keeping top replacement heifers. He also buys bulls from three seedstock producers with whom he’s had much success.

“We’re not single-trait bull buyers because, having our own cow herd, we winter about one-third of our cows out [on desert] with supplemental feeding. Those cattle need to survive, have a live calf in the spring and need to breed back.

“It seems like the more we get into it, the more Angus fits our deal. They can hustle in the winter, bring you a good calf, they breed back, and when we take the product to the feedlot, they have the gain and they yield and grade.”

Malott says there will be times when he’ll have a pen of 120 or 160 head of cattle and, lots of times, they’ll go more than 90% Choice. With the PHNB program, you only receive a bonus if your cattle grade Choice.

“So it’s a huge deal that our cattle grade and yield,” Malott assures. “If our percent Choice changes 10% in a pen of cattle, that bottom line changes dramatically.”

A producer-member for the Oregon Beef Council, Malott says, “In the big scope of things, I think you have to give the consumer a positive eating experience. For me, that’s a big thing. And that just goes in line with what Painted Hills does. They sell their Prime and Select carcasses back to Tyson. So when you buy a cut of Painted Hills beef, it’s Choice, over 50% Angus influence, fed on an all-vegetarian diet. It’s consistent — it’s the same every time — and their standards are very high. I just believe in the concept.”

Malott has been building his herd of cattle for some 25 years. He takes pride in seeing his cattle under the Painted Hills label, similar to seeing generations of bred-and-owned females producing in his herd.

“What Painted Hills does is it gives us a consistent marketing avenue for our calves. We don’t have to wonder what we’re going to do with our cattle every year — it just takes out some of the variables for us.”

He adds, “I’m a huge proponent of branded anything. Anything you can do to add value to your cattle is a good thing.”

For more information on Painted Hills Natural Beef, visit www.paintedhillsnaturalbeef.com or contact Mehrten Homer at 541-763-4907.