

# Seedstock from Scratch

*Raising registered seedstock can be both challenging and rewarding.*

*by Austin Black*

It takes years of hard work and dedication to create high-quality cattle that perform. But building a relationship with repeat customers is a satisfying endeavor. Starting a seedstock operation requires patience, good cattle and outstanding customer service.

For Alan Mead of Mead Farms near Barnett, Mo., the key is quality genetics. In 1990, Mead started out on his own with 20 cows he'd acquired as 4-H projects. He soon purchased around 100 head from DBCS Stock Farm, Thomas Angus Ranch and Fink Genetics.

"At the time, DBCS was well known for their performance program," he says.

Through heifer retention and a good embryo transfer (ET) program, Mead expanded his herd. Today, he runs more than 2,000 head of cattle, 70% of which are registered Angus.

"We've always prided ourselves on good cows," he says. "We've never chased fads and always stayed middle of the road." Mead's focus has helped him build a reputation for functional cattle that perform.

"It takes a plan and a vision. There are plenty of times you want to throw your hands up and walk away from it.

You can't control the weather, market or interest rates," he says. "You've got to get through those hard times. And without perseverance and a vision, it's hard to accomplish that. But good cattle are always in demand."



Foster Blackcap May E05 was the high-selling female at Foster's 2018 online sale.

Mead Farms has an extensive artificial insemination (AI) program and uses ET to duplicate proven genetics in its herd. "We were doing some ET when it first came out," Mead says. "We use proven cows and try to propagate those genetics. We probably don't move generations ahead as fast that way as people that flush unproven cows. But we feel by flushing a proven animal, we make better progress in the end."

But Mead knows quality genetics don't guarantee success. "You need to

have good quality genetics, and from there it's a people business," he says.

Developing good relationships is crucial to building a profitable operation. "It's as simple as having a relationship with your local feed

dealer, banker, veterinarian and fertilizer supplier," he says. "You need to develop trust. It's a gradual process that's not going to happen overnight."

Networking with fellow breeders and regional managers has been fundamental to Mead's success.

"It's invaluable to pick up the phone and talk to other producers to see what's working for them," he says. "It takes years to build

a good program, but you can tear it down overnight."

He says Don Laughlin was helpful to him in getting started. "I've always respected Don Laughlin. Over the years he's given a lot of advice," Mead says. He also credits the American Angus Association staff for helping solve problems and process data.

"The department staff is great," he says. "They are problem solvers. Our genomics department is light years ahead of other associations."

Still, the relationships with

customers is what keeps Mead Farms in business. “Without our customers, we couldn’t survive,” he says.

Mead works to provide the best customer service possible throughout the year. “Selling the animal is only the start,” he says. “People work really hard to sell their cattle, but they’re not always there when there’s a problem. We work hard to get customers and work harder to retain them.”

This means understanding his customers’ needs and ensuring his cattle meet the demand. It also means transferring registration papers and returning phone calls in a timely manner. “It’s hard because so many things are going on. You don’t get in until late at night but you have to find time to do those things,” he says.

## Good connections

It’s a similar story for Luke Foster with Foster Angus Ranch in Paragould, Ark. Luke and his father, Stan, started their registered operation in 2008 with two registered cows.

“In 2010 we started buying Angus cattle anywhere we could,” Foster says. “We didn’t really have a direction, we were just buying registered cattle.”

One of their purchases came from the Limestone Angus Ranch in Oklahoma. After buying some heifers through their internet auction, they met manager Mike Marlow. “We bought some cattle private treaty and starting learning from him,” Foster says.

In 2011, the Fosters bought their first donor cow and the genetics started rolling in.

“In the summer of 2012, we made



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our first partnership and bought Limestone’s Shady Brooke Ever Entense 491G,” he says.

This breed-leading female opened the door to meet breeders around the country. The Fosters developed a relationship with Buford Ranches in Oklahoma and Kelly Schaff of Schaff’s Angus Valley.

“We’re building off of mainly Schaff’s and other cow families that have been around,” Foster says.

The connections they’ve made have helped the Fosters create a solid

genetic base for their herd. And, they’ve learned who to buy from.

“You can tell who is in it to make money and those that also want to build relationships,” he says.

Those relationships have taught him about pedigrees and how to breed for performance. “Don’t be afraid to ask questions and do something different,” he says.

With a solid genetic base to work with, the Fosters jumped head first into ET to grow their herd.

“We were flushing a lot of cows

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at first,” he says. “The last few years we’ve cut back to focus on the main cows we want. We have around 10 donor cows right now.”

Foster and his dad now run around 250 registered cows and 150 commercial females. They focus on proven lines and replicating those genetics through embryo transfer.

“We put in probably 150 embryos each year,” Foster says. They recently started marketing bulls through private treaty and consignment sales

In 2016, the Fosters hosted their first online production sale. “We’ve had three really successful online sales through AngusLive,” he says.

Foster has worked hard to get out and meet people to promote his operation. “The best marketing is getting out there and going to events,” he says.

Foster tries to be active in the

local and state cattleman’s and breed associations. This gives him opportunity to network with other breeders and meet new customers.

The Arkansas Angus Association recently hosted its first field day in 30 years. “They called to ask me to host it and I jumped on it,” Foster says. “If someone wants to host an event at your place or have you come to something, you do it.”

His efforts have helped the ranch grow, and in 2020, Foster Angus Ranch plans to host its first on-site



Stan and Luke Foster recently hosted the Arkansas Angus Association Field day. Pictured (from left) are Stan Foster, Arkansas Angus Association President Sam Haley and Luke Foster.

production sale at its new facility.

## Focused on management

“Be prepared to spend money and be prepared for a lot of work because it’s not a commercial operation,” says

## Financial footing

Getting started in the seedstock business requires a lot of capital. Land, cattle and equipment are costly assets, but necessary to operate. If new producers have existing infrastructure to work with, the investment isn’t as large. But starting from scratch can be a daunting endeavor. Jay Sloniker, FCS Financial vice president of commercial and ag business, shares some tips to get started on the right foot.

**Establish a clear plan that outlines market potential, risk management and business acumen.** If producers are new to the seedstock business, it’s hard to judge cash flow and risk potential.

“That forces an owner or lender to make a lot of assumptions when they’re projecting future income and expenses,” Sloniker says. “The one thing that a new producer should be able to do is articulate their plan clearly to a lender.” The more information a producer can provide, the easier it is to establish credit.

**Expect higher costs associated with seedstock production.** Seedstock operations have more inputs and marketing expense than commercial

producers. And, registered animals are higher priced.

“Planning for additional costs to get from a commercial to seedstock operation and identifying good marketing plans that show how you’ll secure premiums association with selling and breeding registered animals is the critical part of the change,” Sloniker says.

Seedstock breeders have to be aggressive and proactive in their marketing. “Quite honestly, a lot of folks don’t understand how much it costs to either farm out some of that marketing or take care of it themselves,” he says.

**Prepare a thorough budget.** Sloniker says it’s easy to account for production costs when budgeting. Inputs such as feed and fertilizer are common expenses that most producers expect. But items like insurance, taxes and utility bills can affect the budget if not planned for.

“Those things by themselves aren’t terribly significant, but the reality is an operation has all those expenses, and when you accumulate them, they’re a significant draw on cash flow,” Sloniker says.

Producers should also account for depreciation. “[Depreciation] isn’t something you write a check for so it’s easy to leave it out of the budget,” he says. Planning ahead to replace livestock and equipment will keep the budget in check.

**Manage spending and maintain a strong balance sheet.** When the money comes in, it’s easy to get excited about buying new toys or equipment.

“When you spend money on wants, they’re usually non-income producing or low return assets,” Sloniker says. “If you have the earnings to pay for it, it’s ok to do it.”

But producers should be careful about spending more on an item if it presents a cash flow problem in the future. Monitoring the balance sheet on a regular basis is key. Monthly reviews help producers keep tabs on income and expenses.

“If you have a plan and goal, you can adapt and make the changes in order to stay on track and make positive earnings,” he says.

Lane Smith from Purvis, Miss.

In a way, Smith got in the seedstock business by accident. He bought a group of 50 registered cows from Idaho “in a deal.”

“I wasn’t really trying to get in the registered business,” he says. “I always used registered Angus bulls on commercial cows.”

Soon after, Smith started AI-ing and was pleased with the results. The first few years, he sent bulls back to Idaho to sell. Once he had a good client base, Smith started holding his own production sale.

It was quite a learning experience, transitioning from commercial to a seedstock production.

“I didn’t know how crucial it was to keep up with the data,” he says. “The first couple years I didn’t do as good as I should have. It takes a lot of attention and a lot of time. You have to keep up weights and paperwork and know what every cow is bred to and where she is.”

Smith focused on purchasing the best bulls he could afford and setting strict culling standards.

“Even if you like them, cull them if they don’t work,” he says “Don’t

make excuses for your cows.”

Smith expects his cows to excel in reproduction. “If a cow doesn’t breed back in 90 days she doesn’t stay,” he says. Good records help him determine how his cows are performing.

“Recording the data tells you more about your cows than you realize,” he says. “How you keep up with her performance is by keeping data on the calves.”

Over time, Smith’s culling criteria has allowed him to build an impressive herd. Smith runs around 250 registered cows and hosts a production sale every February. He sells around 60 bulls and 20 heifers. “If I’m gonna sell them, I want them to be good so my cull rate is pretty high,” he says.

Smith uses expected progeny differences (EPDs) and performance data to make sure his herd is always moving forward.

“Numbers tell you how much you’re improving,” he says. “The commercial producer has just enough knowledge he knows he wants high numbers in spots. He may not know much about the number but he knows if it should

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— Lane Smith



Starting with just 20 head, Alan Mead has grown his operation exponentially. Pictured is his daughter Juliette.

be high or low.”

It’s a time-consuming process, but growth and success requires patience. “The biggest hurdle is it takes you several years of AI-ing unless you have a pile of money to buy a high-end set of cows,” Smith says. “If somebody is going to start, they need to be dedicated to it.” **AJ**

*Editors note: Austin Black is a freelance writer from Butler, Mo.*



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