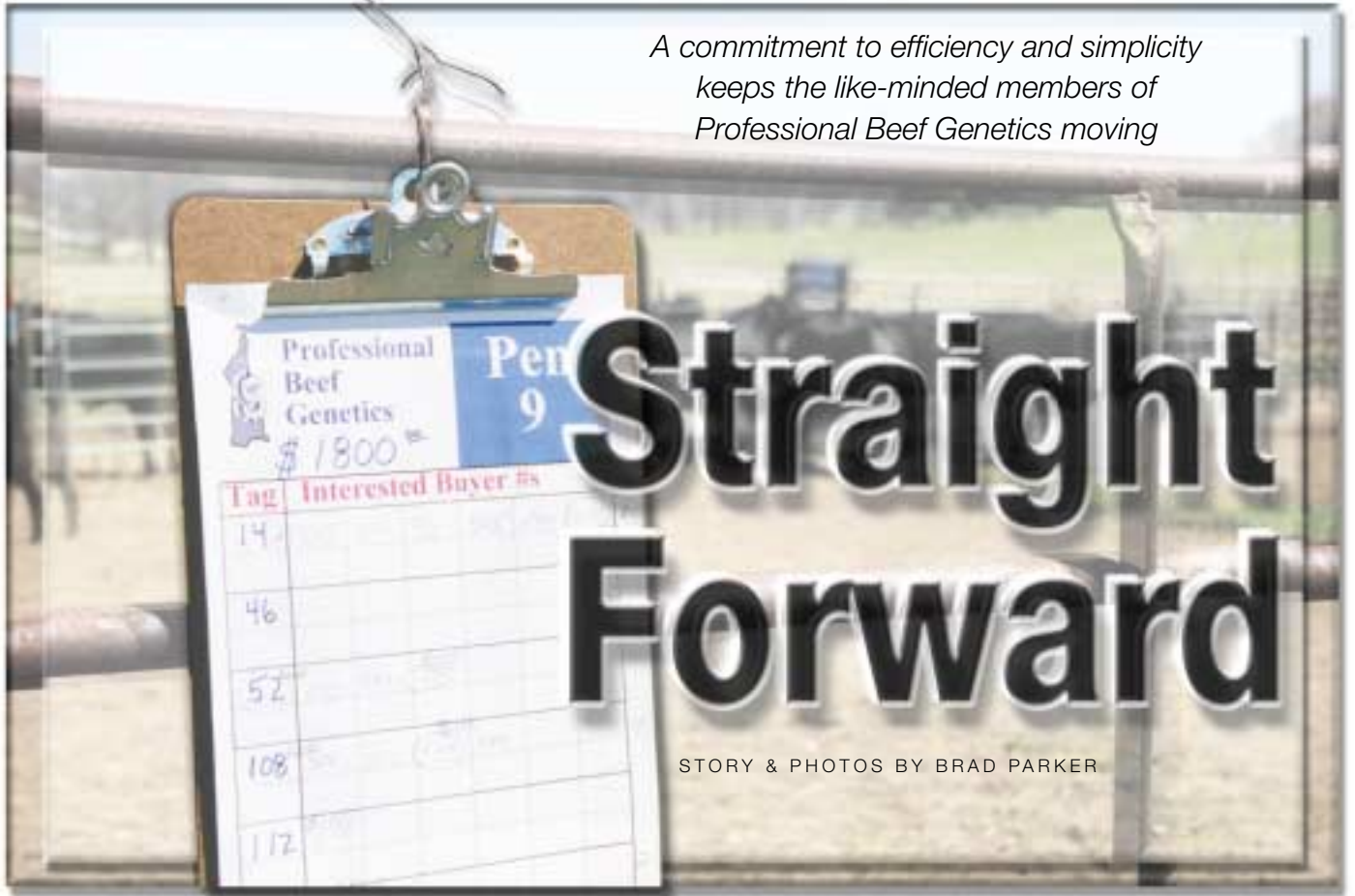


*A commitment to efficiency and simplicity
keeps the like-minded members of
Professional Beef Genetics moving*



Straight Forward

STORY & PHOTOS BY BRAD PARKER

It's unlike any cattle auction you've ever heard because you don't hear much at all — no auctioneer's chatter, no ringmen's cries, no gavel. But one familiar sound signals the job's getting done: "Sold! To Buyer No. . . ."

The members of Professional Beef Genetics (PBG), who organize, conduct and consign to the sale, have adopted a format appropriate to non-nonsense cattle breeders marketing quality, no-frills bulls. Their sales are one example of the group's commitment to efficiency.

"One of our ideals is to do things without wasting motion," says Alan Kapp of Kapp Farms, an Angus operation near Clarksdale, Mo. He was elected PBG's first president when about a dozen Missouri producers formed the multibreed venture in 1996.

In spring 1997, they sold around 35 head in their inaugural "open house" bull sale. Unlike most open houses, where private treaties are negotiated in the alleyways, PBG let competitive bidding establish the bulls' values.

It's not typical bidding, however. After briefly introducing a bull's pedigree and expected progeny differences (EPDs), his base price is announced, and everyone willing to take him home for that amount raises their buyer numbers. The "auctioneer," usually a PBG member, then counts upward in \$50 or \$100 increments. As the price climbs, the hands fall. Finally, only the purchaser's number is aloft for all to see.

"Whatever we say sells is sold," explains PBG member Rader Miller of Sun Up Angus, Edgerton, Mo., from whom the

concept was borrowed. "Our customers know what bulls are left."

Don't push it

That straightforward approach begins when members enroll prospective sale offerings in the PBG gain test. Currently, the bulls are developed at Rogers Valley Farm Feedlot near Mendon, Mo.

Spring-born bulls are delivered in mid-October in preparation for the March sale. Those born in the fall arrive in early May for the November sale. It's then up to the feedlot. "We let them make the decisions on the ration for the most part," Kapp says.

The typical adjusted yearling weight for PBG bulls is 1,000-1,200 pounds (lb.). Kapp says the bulls have the potential to weigh more, but the group doesn't think the possible risks

of pushing gain are worthwhile.

"Our weights are probably at or below the industry norm for purebred bulls in bull sales," Kapp explains. "Our belief is that we need to get those bulls big enough and heavy enough to be used as yearlings and just big enough to look merchantable to our customers. We believe anything in excess of that is a waste to us in terms of feed and, perhaps, future soundness to the bull."

"We're in an age where we can evaluate the genetics of a bull without maximizing gain to prove it," he continues, emphasizing the PBG philosophy that EPDs are more important than individual performance in evaluating potential herd sires.

Customers approve of the development strategy. "The way they grow them out, they're good and gentle, and they're not

Above: At the PBG sales, bulls are penned by minimum bid within their breeds. Buyers used to write their bidder numbers by a bull's tag number to express interest in him, but now they use stickers. Popularity greatly influences the eventual sale order.

overly fat. They're doing a super job," says Terry Mitchel, a veterinarian and commercial cattleman from Clinton, Mo.

William Livengood, a producer from Warrensburg, Mo., agrees: "Those guys know what they're doing to get those bulls up to par for us. I really appreciate what they have done."

At test's end, the bulls are compared to each other, regardless of breed. Those that gain 85% of the overall average gain or more are eligible for further consideration. Miller says this works because there's not much difference among the breeds; so far the greatest spread among breed averages has been 0.15 lb./day.

Use the numbers

Bulls that gain enough then must achieve a weighted average in the top 50% of their breed for certain traits. PBG uses three averaging formulas, and a bull must qualify on at least one of them. Each requires balanced traits, Miller explains.

The basic formula is equal parts birth weight, weaning weight, milk and yearling weight rankings. The carcass formula is 50% marbling, ribeye area and carcass weight rankings; 25% birth weight and milk rankings; and 25% weaning weight and yearling weight rankings. The calving-ease formula is 50% birth weight ranking, 25% milk ranking, and 25% weaning weight and yearling weight rankings.

"That actually has not changed since we started," Kapp says, "and we feel that does a really good job of screening out the mediocre bulls that aren't of the proper genetic caliber."

Miller explains that PBG doesn't publicize under which formula a bull qualifies because they want to avoid labels. A bull in the top 49% of his breed for birth weight could qualify on the calving-ease formula, but breeders might not consider him a calving-ease bull, Miller comments.

They do, however, indicate which EPDs are in the top 20% because some buyers aren't



Bidders raise their cards when a bull they want comes up for sale, then lower them when the price surpasses their limits. Whoever is holding the last card in the air becomes the bull's new owner.

familiar with the averages for each trait and breed. Miller says the group's bulls currently average in the top 37% for all traits, and carcass traits average in the top 20%-30%.

Any bull that meets both the gain and EPD standards has to pass examinations in structural soundness, health and breeding soundness before he's put in the sale.

The popular thing

On sale day, the bulls are penned in one of three minimum-bid groups by breed at John and Betty Rotert's farm near Montrose, Mo. The Roterts, themselves PBG members, have been selling bulls on consignment at their place for years.

As part of the open-house concept, buyers are encouraged to arrive a couple of hours early and to walk through the pens so they may study the animals, pedigrees and EPDs. To aid the inspections, PBG produces an 11-by-17-inch handout listing the sale animals and pertinent information about them.

"We condense a huge amount of information and put it into a very useful, easy-to-read format," Kapp says. "There's only

one piece of paper in a person's hand when they walk into the bull pen."

That information, along with the help he gets interpreting it, is one reason Livengood never misses a PBG sale. "When the EPDs came out, I was green as a gourd about what they were," the 55-year veteran of the business says. "John [Rotert] helped me get through that and to get started. ... That's why I've stuck with the PBG bull sales."

Mitchel also appreciates having the data available. "They're doing it right as far as getting all the numbers together," he says. "That's what a commercial guy needs to look at to know what kind of a bull he's getting."

He would like the group to provide vaccination histories, too. "I think they ought to have a regimented program or at least tell you what they've done and when they did it," he suggests, so buyers know how to handle their purchases when they get home.

PBG member Brent Hazelrigg, a partner in Frank/Hazelrigg Cattle Co., which produces Angus and Red Angus near Jefferson City, Mo., thinks PBG's presentation is

effective. "It's a fairly low-input way for us to do that," he says. "It's easy for people to just get out and walk through and see the bulls. It's a very low-pressure type of format, and our customers really seem to appreciate that."

Originally, interested buyers were asked to write their bidder's number next to the animal's tag number on the pen-inventory sheet. Last fall, when prospective buyers got their bidder's number, they were given little round stickers and were asked to put them on the sheets instead, providing some anonymity and relieving any sense of obligation to bid. Kapp says the system allows the buyers' evaluations of the bulls to influence the sale order.

"There were some bulls with 10 or 12, and there were some bulls with one or two stickers by their numbers; and we, within reason, brought the bulls in the ring by popularity," Kapp explains, noting the sale order also is influenced by logistics. "If a bull that's generated the most interest comes in and is sold, everyone else who's interested in that bull has a chance to move on to another one and make a

CONTINUED ON PAGE 126

ANGUS

TAG	Sex	Birth Date	Price	Sire	MGS	Performance											
						BW	Adj. 205	205 ratio	Adj. 365	365 ratio	ADG	ADG ratio	365 HT	365 SC			
300	AN	1/31/00	\$ 1,800	ROCKN D AMBUSH	B/R NEW DESIGN 036	89	702	ET									
231	AN	9/28/99	\$ 1,800	B/R NEW DESIGN 036	DHD TRAVELER 6807	92	718	118	1193	113	4.39	118	50.0	34			
277	AN	9/16/99	\$ 1,800	B/R NEW DESIGN 036	DHD TRAVELER 6807	81	561	115	1160	113	4.04	106	50.1	34			
228	AN	7/7/99	\$ 1,800	B/R NEW DESIGN 036	MINERTS FORTUNE 2000	77	491	ET	993	ET	4.44	119	48.1	35.7			
229	AN	7/2/99	\$ 1,800	B/R NEW DESIGN 036	MINERTS FORTUNE 2000	80	613	ET	1106	ET	4.17	112	49.7	37.5			
230	AN	6/30/99	\$ 1,800	B/R NEW DESIGN 036	MINERTS FORTUNE 2000	87	565	ET	1000	ET	4.40	118	51.2	35.5			
233	AN	9/22/99	\$ 1,800	B/R NEW DESIGN 036	GT EXPO	86	639	105	1020	98	3.39	91	50.3	37.0			
265	AN	9/1/99	\$ 1,800	B/R NEW DESIGN 036	JAUER DURABULL 3008	74	651	106	1200	105	4.13	111	50.0	38.4			
251	AN	9/5/99	\$ 1,800	GAR COMMITMENT	HIGH VALLEY 5B5 OF 3D22	62	729	115	1272	117	3.52	94	50.6	35.0			
234	AN	7/7/99	\$ 1,800	N BAR EMULATION EXT	SS TRAVELER 819	84	599	ET	1073	ET	4.37	117	50.6	33.7			
237	AN	5/30/99	\$ 1,800	SCHOENES FIX IT	MINERTS FORTUNE 2000	86	580	ET	1036	ET	4.55	122	50.4	37.5			
226	AN	9/4/99	\$ 1,500	B/R NEW DESIGN 036	HOFF BALANCER SC	75	522	90	1018	95	4.28	114	51.3	36.5			
225	AN	8/27/99	\$ 1,500	B/R NEW DESIGN 036	GAR PRECISION 1660	82	523	86	1030	97	4.06	109	50.9	35.7			
271	AN	9/14/99	\$ 1,500	B/R NEW DESIGN 036	JAUER BAND 135	84	451	92	1000		3.57	96	48.3				

purchase of another bull.”
 The group first used a sale ring last fall. Previously, the buyers went from pen to pen, and the bulls in each pen were put up for bid in order of popularity. Kapp says bringing a pen of bulls to the buyers, instead of the other way around, gives bidders a central focal point. It also makes it possible to rotate through the breeds to keep more buyers interested

throughout the sale.
 Mitchel thinks using a sale ring has slowed the pace, but he concedes the PBG sales still go faster than traditional auctions.

Make your bid

The bulls are presented two or three at a time, but they sell individually via the “cards up” method. If the last cards drop together, the lowest bidder number takes the prize.

Hazelrigg says the system assures buyers that everything is on the up-and-up. “It’s an extremely honest way to do things,” he says.

Kapp adds, “We’ve had multiple comments after every sale from people who come up and say they really enjoyed that better than an auction. Our customers seem to be very pleased with that system, and it’s one that we think is fair.”

“We see that people are busier than ever and that it’s tougher to draw people to a cattle sale than it was 20 years ago, and it’s harder to keep them there for a certain length of time,” Kapp continues. “We can complete a sale in usually about a minute and a half to two minutes per bull. We’re pretty convinced that our customers enjoy being able to come, look, do business and go.”

The nontraditional bidding also benefits the consignors, they agree, because there aren’t always enough buyers at an auction to generate fair market values. At the PBG sales, if only one person holds up a card at the initial asking price, the bull is sold automatically. If no one holds up a card, he isn’t sold.

“We just wanted a safety net under our bulls, and we wanted to do that in a way that was fair and equitable to both buyer and seller,” Kapp explains.

Miller says the bidding is more up-front and spreads the sellers’ risk because they often have a few bulls to take home for

private treaties later.
 After the sale, a buyer can go to the owner of a bull that wasn’t sold and offer the minimum price on a first-come-first-served basis. “We encourage people to go back through the bulls if they didn’t get one, or if they didn’t get enough, and pick one out and buy him,” Kapp says. “Those sales are counted in the sale total.”

But the bulls never sell below the posted minimum, which the consignors select themselves — traditionally \$1,250, \$1,500 or \$1,800.

Miller says it has taken a while for people to realize those are just starting points. “You have to stick to your guns and not price what you thought was your best bull up real high. Let your customers figure out what your best bull was. They might not agree with you,” he advises. “You don’t have to price them at a high price to get a high price.”

Hazelrigg adds that several bulls have finished in the next price range. He says it’s not uncommon for buyers to focus on different characteristics than the sellers. And those characteristics may make the bull more valuable to a particular bidder.

The majority of PBG’s offerings sell for \$1,250-\$2,250, and several topped \$2,100 last fall, Kapp says.

Miller acknowledges their sales don’t net an extreme top price. “But you also protect yourself from giving them away



Alan Kapp, PBG’s first president, says most of the buyers at their sales are Missouri cattlemen who plan to retain ownership, understand EPDs or otherwise understand documented genetics will be important regardless of their marketing plans.

TAG	Show-Me Select qualified	EPDs										Ultrasound			%	Color	H/P/S	Consignor	
		BW EPD	VW EPD	Milk EPD	YW EPD	CW EPD	Marb EPD	REA EPD	FAT EPD	%RP EPD	SC EPD	Adj. % IM fat	Adj. REA	Rib Fat					
300	Show-Me	+1.9	+34	+18	+65	+9	+45	+32	-0.03	+0.6	+45							Retaining 1/3 Interest	Kapp Farms
231		+3.6	+43	+22	+80	+13	+29	+32	-0.02	+0.4	+22	3.66	14.0	0.40				Retaining 1/3 Interest	Frank / Hazelrigg
277		+2.1	+37	+18	+77	+12	+31	+32	-0.02	+0.4	+28	2.85	14.8	0.35					Erickson Farms
228	Show-Me	+1.1	+35	+20	+69	+9	+34	+22	+0.00	+0.1	+51	*4.35	*13.7	*0.63				Retaining 1/3 Interest	Frank / Hazelrigg
229	Show-Me	+1.1	+35	+20	+69	+9	+34	+22	+0.00	+0.1	+51	*2.89	*14.0	*0.36				Retaining 1/3 Interest	Frank / Hazelrigg
230	Show-Me	+1.1	+35	+20	+69	+9	+34	+22	+0.00	+0.1	+51	*4.26	*13.9	*0.39				Retaining 1/3 Interest	Frank / Hazelrigg
233		+3.7	+38	+20	+68	+16	+43	+40	-0.02	+0.5	+63	3.82	11.7	0.37				Retaining 1/3 Interest	Frank / Hazelrigg
265	Show-Me	+1.3	+34	+19	+65						+49	3.20	14.5	0.32					Robertson Angus
251	Show-Me	+0.5	+36	+26	+73	+7	+11	+12	-0.01	+0.1	-24	3.16	16.7	0.34					Robert/Hariman
234		+2.6	+39	+19	+75	+12	+0.7	+1.9	+0.02	+0.0	-23	*3.70	*15.7	*0.37					Frank / Hazelrigg
237		+2.3	+37	+19	+68	+6	+0.9	+1.4	+0.03	-0.2	+66	*3.86	*16.8	*0.53					Frank / Hazelrigg

in an auction,” he says. “And I’ve never been to an auction that didn’t sell some bulls pretty cheap in relationship to the value.”

Of course, not all the bulls find new homes immediately. The last few PBG sales have offered 60-80 head, but only around 40 have sold, Kapp shares. The ones that don’t sell go home with their consignors or stay for the Roterts to sell on consignment. The latter option is a private arrangement and not a PBG function.

Synergy

While there’s no guarantee they’ll sell all their bulls, Miller admits, PBG members gain a competitive edge. “None of us have a huge herd right now,” he explains, “but put together, we have a pretty good grouping of cattle.”

Most of the PBG herds have 20-60 cows, but the cooperation allows them to look and to act bigger, Kapp says. “We get some benefit from sending our bulls to a feedyard together to be developed, and we are able to share some transportation and advertising.”

The more-substantial numbers also provide benefits on sale day, Hazelrigg says. “I’ve gained from the fact that we’re able to put together a larger group of bulls and bring buyers in from other states. I think I’ve gained a more widespread marketing reach.”

Though he doesn’t live that

far from Montrose, Mitchel says the assortment draws him to PBG’s sales. “It’s nice to have all of those bulls together . . . You sure can pick up a bull with great EPDs,” he explains. “You get a good number of them by having the group together.”

Hazelrigg is impressed with the group’s decision-making abilities. “When we sit down and discuss plans or a policy that we’re going to try to implement, we have a good discussion about it,” he says. “We may have a bit of a debate, but then we will come to a consensus.”

Kapp, too, is amazed at the lack of dissention. “We try to make sure that we come up with as many ideas as possible, then we evaluate them,” he says. “We take a vote and go on. There’s always been a really high level of agreement as to how we were going to proceed.”

The different ideas can be a strength and a challenge simultaneously, Miller believes. “One of the advantages of having a group is that you don’t get too narrow-minded,” he shares, “but you can get too many ideas and too many directions.” Still, he says, setting a course isn’t as difficult as meshing schedules so everyone can join the discussion.

They make the most of their time by employing everyone’s skills. While one may be proficient in collecting data, another’s strength could be advertising and promotion. Yet another may have the computer



Prospective buyers arrive early to study the bulls and their vital statistics. PBG provides pedigree, performance, genetic and ultrasound data for all the sale bulls on a single sheet of paper. Special note is made of EPDs in the top 20% of a bull’s breed.

skills to help both.

“We’ve been able to combine our efforts to do something that’s more effective than any of us would have been on our own,” Kapp says.

The group also includes

different breeds. While about 80% of the bulls in PBG’s test are Angus, there are members who raise Simmental, Gelbvieh, Charolais and Red Angus. Having multiple breeds is a

CONTINUED ON PAGE 128

benefit, Hazelrigg says, because some buyers are looking for both maternal and terminal sires.

Kapp agrees, noting that crossbreeding will continue to be prevalent in the industry and that the group tries to help their customers with strategy. "Our members are all believers in organized crossbreeding," he says.

A matter of principles

Kapp says the group also believes that individual ideals, such as breed preferences, are less important than principles and philosophies that make beef production more efficient.

"One of the things that I think has given us some stability is that we're all very similar in our approach as far as production," he explains. "We believe in being very realistic about the costs vs. benefits, not only to ourselves, but to our customers."

An example of this is creep feeding, or more correctly, the lack thereof. While they don't hold it against anyone, Kapp

says no one in PBG creep feeds because they feel it only adds weight to their bulls, not to the bulls' calves.

Miller concurs: "We're trying to be straightforward in the presentation of our cattle. . . . We want to stick to the basics — facts and EPDs — and have scientific data that'll back us up."

"Everybody's pretty much a matter-of-fact cattle breeder," he adds. "They want to stick to something and give it time to work."

Hazelrigg says all the PBG members have a common vision for raising seedstock. They want to produce cattle that will perform in their customers' commercial herds, which often are on fescue pastures without creep. And because most of their bull buyers have small herds, the members agree balanced traits are important.

"We've got to have a bull that can go out and do the job on the cows *and* the heifers," Hazelrigg says, explaining that requires low birth weights, good growth potential and carcass merit.

Their philosophies remain

unchanged, Kapp says. "I think the fact that we all really did have some of the same principles individually before we assembled has helped pull the group together."

Foundation for the future

Much of the credit for assembling the founders goes to the University of Missouri-Columbia (MU), of which the majority were alumni. The group first met on campus with encouragement and guidance from Jerry Lipsey, then a faculty member in the animal science department.

The MU curriculum may have something to do with their common philosophies, the members confess.

Another similarity, Hazelrigg notes, is that most PBG cooperators have off-farm occupations. "Our time is split between second careers and breeding cattle," he says. The teamwork helps them stay in business.

Miller agrees the commonalities have cemented the group. "We're not just

business associates," he says. "We're friends."

That may explain why most of the original members remain. Kapp says only three of the founding farms have withdrawn, and two of them left the cattle business completely. The total number has remained steady because new members were "sponsored" by founders, he explains.

"Most of us have the capacity to increase our production level as our demand would increase, so we're not pursuing new members," Kapp says. The only growth that interests PBG is in their sale offerings and customer-service programs.

They're doing well on the first of those goals; PBG members entered 200 bulls in the test leading to this month's sale.

They also expect to see more purebred breeders among their bidders, especially after a major artificial insemination (AI) stud bought two of their bulls last fall. As another tactic to draw new customers, the group is considering a second sale site.

As far as other future plans go, the group would like to sponsor special sales for the calves, both feeders and replacements, sired by PBG bulls. They're also exploring some cooperative purchasing of inputs, which may be available to their bull buyers, too.

"We haven't accomplished all of our long-term goals yet," Kapp says. "We feel like we're being successful, but it's come through lots of time, effort and being understanding with each other. . . . We're excited about the benefits that we're getting and hope to continue to enhance the benefits to the purchasers."

Livengood looks forward to those enhancements. "We depend on them to supply us with better bulls," he says, speaking for the area's commercial producers. "I think a few years down the road they'll get better yet."



Buyers are encouraged to walk through the pens so they can inspect the bulls and their movements closely. PBG members say their customers appreciate the low-pressure environment.