



Cattlemen review data on a pen of Angus bulls before making their selections at the Nichols Farms private treaty bull sale.



Private Treaty Bull Sale

A LESSON IN INNOVATION

BY JULIE GRIMES ALBERTSON

Most Angus breeders might be a bit nervous to find more people eating pancakes than looking at bulls 30 minutes into the sale. Not Dave Nichols of Nichols Farms, Bridgewater, Iowa. In fact, he's helping pour the maple syrup.

Nichols has already sold all of his Angus bull lots.

How, you ask? -by an innovative marketing method called private treaty bull sale.

The Nichols bulls are placed in one of three pens—good, better and best—and each pen is pre-priced. Then a customer service staff (a.k.a. the Nichols team) is dispatched amongst the potential buyers who come to the farm on sale day. Their

mission is to help customers find the bull that will fit their goals. Most of the time this requires one-on-one attention, which is difficult at a regular auction.

"We copied our program after Sears and Roebuck. When you buy their most expensive wrench, it really is their best wrench," says Nichols. "You can't judge their quality just by looking at them."

The atmosphere at a private treaty bull sale is much more relaxed and buyer-friendly. "I prefer this system because I suffer from buyer's remorse at auctions," Nichols says. "I often end up buying something I didn't intend to, or I waste a lot of

time waiting to spend too much money on something that doesn't work."

Many customers favor the private treaty system, as well. Alan Williams, Des Moines, Iowa, says that auctions certainly have a place, but commercial and small purebred breeders love this kind of sale.

"They walk in with their wife, daughter, or son, take their time looking through the bulls, and get advice," says Williams.

This cattleman prefers to look at potential herd bulls in their natural state... "unwashed, ungroomed and unagitated — no razzmatazz," Williams says.

Because 95 percent of their buyers are commercial breeders, Nichols and his staff are well-versed on the needs of the beef industry "We feel there are not many places commercial producers can go to get good advice on crossbreeding. Many seedstock breeders are for crossbreeding only when it's using their breed," Nichols says. "We have several breeds, and so we try to assess the needs of the customer."

Nichols Farms strives to provide information to customers, whether they're purebred or commercial. They generate herd management handouts for buyers with tips on managing and feeding bulls, as well as advice on animal health. A sample dry-lot ration is included along with sources for further information.

Instead of being listed in a catalog, each bull is put on an information sheet along with the other bulls in his pen. All pertinent data is listed, such as sire, dam, birth date, birth, weaning, and 205-day weights, expected progeny differences (EPDs), average daily gain, and price.

Listing the bulls all on one



Dave Nichols explains his Angus breeding program to Major Granger Jr. of Double M Ranch, Edwardsville, Ill. Granger attended his first private treaty bull sale at Nichols Farms.

sheet allows, buyers to quickly compare the numbers.

If a customer has particular parameters in mind, a member of the Nichols staff is able to generate a list on the computer according to the customer's needs.

"We can generate a list for an Angus bull customer with, for example, a birth weight of less than 73 pounds, weaning weight more than 600 pounds, a weaning weight EPD of 25, with a mother seven years old or more in less than five minutes, and with a smile," Nichols says.

"We're no different than the John Deere dealer, feed store owner or veterinarian," Nichols says. "We're selling ag inputs. We conduct ourselves like others doing that."

While a private treaty sale system has worked well for Nichols, it certainly isn't right for everyone. Nichols

"Being an innovator is not locking yourself in a room and thinking, but watching what works."

— Dave Nichols

Farms herdsman Bill Antisdell says they needed 50 or 60 more Angus bulls this year to fulfill the demand. "We sold all the Angus bulls in 15 minutes with the top pens going in 5 minutes," he says. That was good for the seller, not so good for customers travelling long distances to buy bulls.

Each year customers begin lining up earlier and earlier to ensure they get the bull of choice. This year was no exception.

"I had three guys in line the day before the sale when I opened up the office at 6 a.m. We opened up the list at midnight so they could sign up and then go back to their motel. We had 41 people waiting then," says Antisdell.

There are customers who, understandably, aren't willing to do what it takes to buy their favorite bull. "I had a customer call who's bought a ton of bulls from us in the past. He said he was just too old to fight the lines and rush of getting the bulls he wanted. He's just not coming," says Nichols.

"Our system is also not good for those who want to buy the best bull or the bull by old blue nuts out of snow flake." In other words, those

Here's How It Works

1. All bulls are separated into pens labeled good, better and best. They're pre-priced according to pen placement.
- 2 Buyers sign up when they arrive at the sale. The first people on the list are first in line to select bulls.
3. Buyers then form a line behind a selector board containing a card numbered for each bull. Each person chooses the bull or bulls desired.

PROS

1. Seller is able to help customers pick the bull that best fits their needs.
- 2 Seller prices the bulls.
3. Sale day is the start of private treaty sale, therefore there's less risk in regard to bad weather.

CONS

1. Not a good system for those wanting to buy a specific bull.
- 2 Seller must be open for daily business and at the customers disposal.
3. Costs are equally as high for seller as an auction.



looking to buy a specific pedigree.

This sentiment is echoed by Virgil Martin, cattleman and neighbor of Nichols. "It's nice unless you've got one in particular you want. A couple of years ago I got here at 4 a.m. and was third on the list. It was worth it though, the bull we picked was one we still use."

A few more words of caution for people considering hosting this type of sale: Breeders looking to save money by putting on a private treaty sale will be surprised at the costs, says Nichols. "We don't think our costs are lower than an auction."

And, in Nichols' opinion, private treaty sales wouldn't be a practical alternative for some breeders. "Private treaty wouldn't work for the purebred breeder who has to make hay, plant corn and whose wife works at the truck stop. Our customers expect us to help them and always be there to answer the phone."

Customers also expect easy access to their farm. Nichols says that at least 90 percent of their visitors drive in without calling, just like when they go to buy a car or a tractor. Nichols Farms is open for

business six days a week from February to June. That means there always has to be someone there to show the cattle to prospective customers.

It also helps to have realistic goals set for sale day and beyond. At Nichols Farms, the goal is not to sell all the bulls on the day of the sale but to have half of them left. "I want my last bull to be sold on the Fourth of July, two hours before the parade," Nichols says. "The worst thing is not having bulls to sell when a customer calls."

Nichols' worst scenario has come true this year. All his Angus bulls were sold in a matter of minutes at the private treaty sale Jan. 31. "It's not a matter of price, only supply," says Dave. "We just don't have enough." That's a problem most breeders would like to face.

Solving problems is what keeps this farm in the black. Collectively they study both what works for their customers and what doesn't.

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