

Strength in Number

A group of Montana Angus breeders pool their resources to attract large commercial buyers and get more for their promotional dollars.

Story & Photos by Keith Evans

By late afternoon on the second Tuesday of April in 1988 there was satisfaction, joy and maybe a touch of disbelief shared by the eight people who were hosts of the after-sale party in a ranch barn just south of Belgrade, Mont.

The husband and wife owners of four registered Angus seedstock operations in Montana, who call themselves the Performance Breeders, had just pulled off what had never been done before. For the better part of a year they had worked together, merging their bull crops and their talents, as they submerged their egos, to create a distinctive Angus bull sale.

When the auctioneer cried "sold" and slammed his gavel for the last time that afternoon, there was a collective sigh of relief. The uncertainty was over. Their 156 bulls had averaged \$2,730, more than any of the four herds had ever averaged on their own. Time

would prove that their success was genuine. The next year, the 1989 Performance Breeders Bull Sale averaged \$2,683 on 181 bulls; in 1990 the 202 bulls sold for a \$2,735 average.

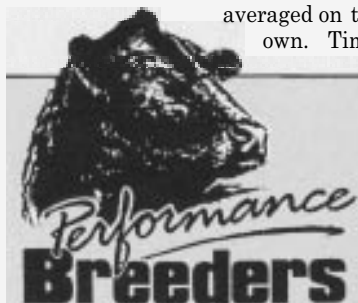
The Performance Breeders are Dave and Yvonne Hinman, Hinman Angus, Willow Creek; Bill and Jennifer Davis, Rollin' Rock Angus, Belgrade; Dale and Carol Davis, PAPA Ranch, Belgrade; and John and Vicki Hamilton, Cedar Hills Angus Ranch, Belgrade. Their marketing program may be unique, but it is one that some breeders might want to imitate.

What they do is not simply put on a joint sale of yearling bulls from four separate herds. Rather, they stage a volume bull sale in which the ownership of the cattle is secondary. From weaning, the bulls are all fed, managed, promoted and sold as one group — virtually as if they were from a single herd. The Performance Breeders group

was formed in 1987, if not out of necessity, at least out of recognition that the four breeders could more successfully stage an auction sale together than on their own.

"We wanted to offer enough volume in a sale to interest the large commercial breeders," explains Dale Davis, the dean of the group. "We also knew that by working as a group we could make more efficient use of our advertising and promotion dollars."

Why these specific herds? Well, as Dale Davis explains, they all knew each other well, though not as well as they eventually would. They had similar breeding philosophies and the same reliance on performance programs. They all concentrate on economic traits that are important to the commercial cattle producer, such as fertility, sound udders, moderate birthweights and as much performance (growth) as possible without pushing birthweights too high, or



The Performance Breeders Group in front of their board room, the Oasis Club in Manhattan, Mont. Members are (l to r): Bill and Jennifer Davis, Belgrade; Dale and Carol Davis, Belgrade; Dave and Yvonne Hinman, Willow Creek; and John and Vicki Hamilton, Belgrade. The restaurant, made famous in the national commercials for beef is about equal driving distance from all four ranches. Many of their meetings are held here.



rebreding performance too low on first calf heifers.

Early on, the group realized that the cattle would have to look much the same on sale day if the idea was to work. As a result, they decided to put all weaned bull calves in one feedlot, to feed and manage them exactly alike. Each feedlot pen would have an equal percentage of each herd's bulls.

"It is amazing," says Bill Davis, who incidentally is Dale's son. "We hardly recognized our own cattle after they had been in the feedlot for a few weeks. On sale day, with the cattle fitted and all the tags out of their ears, they looked like they came from one operation."

Briefly the program works like this:

Calves are born on all four ranches beginning in February. They are weaned in late September. All are pre-conditioned for two weeks before weaning weights are taken; then all bulls from each herd, except a few culls, are put into the feedlot.

Bulls are fed a high roughage ration to gain about 2.75 pounds per day. Dale Davis works on the ration, which includes silage, ground hay, ground ear corn and supplement.

Dave Hinman virtually baby-sat the cattle the first two years they were on feed, seeing that everything was handled properly. This past year at Four C's Feedlot at Boyd, Mont., things went very smoothly and required much less supervision.

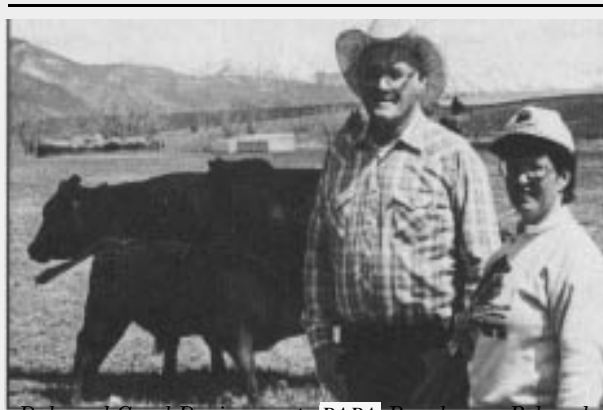
Yearling weights are taken March 1. The bulk of the bulls are moved to Bill Davis' place where the sale is held. Cull bulls are left at the feedlot and put on a hot ration for 30 days and eaten or sold for freezer beef.

Davis held his own sale for several years prior to 1988, so most of the necessary facilities were in place. All that was needed was to expand pen space to make room for the increased numbers. The location is handy, just south of Interstate 90 at Belgrade and a stone's throw from the Belgrade-Bozeman airport.

For two weeks prior to the sale, custom operators clip and groom the bulls for sale, while everyone else makes final preparations to meet airplanes, handle and feed the crowd, and deal with the endless tasks that go with putting on an auction. It is at this time, right on through a month after the sale, that



John Hamilton operates Cedar Hills Angus Ranch near Belgrade, Mont.



Dale and Carol Davis operate PAPA Ranch near Belgrade, Mont. Carol wears a Performance Breeders cap and sweatshirt, specially designed for the group.

having four families involved is a lifesaver.

Having a successful sale without adequate advertising and promotion is impossible. Promotion plans began soon after the four agreed to work together. One of the first moves was to hire a professional artist to design what has now become the familiar Performance Breeders logo. They have used it in every advertisement and on every promotional piece from the beginning.

The group also agreed to use a sale consultant (not a sale manager). He would help them plan, promote the event, make up the opening 20-head sale order and work the block on sale day. They also use a professional livestock advertising specialist for advice and help on some projects.

"We probably wouldn't have this much professional help if we weren't all working together and splitting the costs," John Hamilton says.

Hamilton is in charge of placing the advertising after everyone has decided how much advertising will be run and in what publications.

"They want me to get all the calls from the ad salespeople," Hamilton jokes.

But they know they can drive a better bargain if all advertising is placed by one individual and paid from one source.

The major promotion is a four-page newspaper that contains information about the Performance Breeders and their cattle, as well as information about performance testing and other practical aspects of cattle breeding.

Last year 65,000 copies of the newspaper were printed. They were inserted and mailed in February and March in four area weekly newspapers that cover the West and Northwest, and in the Montana state farm-ranch magazine.

Newspaper and magazine ads carry sale information to thousands more potential buyers. The advertising publication list covers the commercial cow-calf industry from Washington to California and east to include the Dakotas and Nebraska.

As sale time approaches, the ads in weeklies include timely information about the bulls that are on feed. Radio networks in Idaho and Montana are used the final two weeks before the sale as last-minute reminders.

The Performance Breeders newspaper contains a coupon readers can use to request a catalog. Also, each ad contains telephone numbers of all four members of the group and the sale consultant, with the invitation to telephone anyone for more information or a catalog.

All catalog requests are put on computer by Jennifer Davis. These requests, combined with names of past buyers from all members and the three sales, make up the Performance Breeders mailing list. It numbers about 2,200 and is updated yearly.

The mailing list is used at least three ways — to mail catalogs; to mail the final report about the bulls' yearling EPDs, which is done just two weeks or so before the sale; and to mail other information and promotional material.

Last year advertising costs ran \$29,000 out of gross sale income of some \$550,000, or about five percent of gross. Postage, catalogs and the final report boosted these out-of-pocket advertising expenses to about \$40,000 or 7.25 percent of gross.

Dale Davis figures that this could easily run 15 percent of gross for any one

of the four to effectively promote a sale on their own. They estimate that total sale expenses, not counting feedlot costs, run between 13 and 14 percent of gross sales.

A big buyer incentive is the group's delivery policy. Delivery is free within 1,000 miles of Belgrade and done at cost beyond that range. It means that buyers are more free to come to the sale. They don't have to commit by pulling a trailer. The few who fly in also know that delivery will be handled for them.

This year delivery cost an average of \$17.30 per head. The cattle are nearly all delivered within three weeks of the sale. The bulk are at their new home within 10 days. Each member uses their own trucks and trailers. Sometimes a driver won't have a single head from his herd in the shipment he delivers.

Free delivery means that someone from the group is at nearly every buyer's place once a year. It lets them get to know buyers better, to inspect their herds, and see how the bulls are being used. "Sometimes a buyer will want you to look at cattle half the afternoon," Bill says. "It really can put you behind schedule, but it is good for both the buyer and us."

In addition to this advertising and promotion, the group also has a large sale poster designed in the standard yellow and black format with the Performance Breeders logo. These are posted in every available place wherever the group members travel. They even mail posters to friends and relatives beyond their regular travel area to be posted in feed stores, sale barns and any appropriate place where commercial cattle producers gather.

Information for the sale catalog is collected by Bill Davis beginning in January. It is printed and mailed by the end of February or the first of March. It goes to everyone on the mailing list as well as to others who request it or might influence a buyer to come to the sale.

Each year's catalog has the same appearance. It is 8 1/2 by 11 inches, vertical format in the standard bright yellow with black type. All the reference sires are listed near the front of the book. Then each breeder's cattle are listed as a group and introduced by a cover letter and photograph of the family members. The order of listing in the catalog is



Jennifer and Bill Davis at their ranch just south of Belgrade.



David and Yvonne Hinman, at their ranch near Willow Creek, never had a production sale until they joined Performance Breeders.

determined by a drawing.

The animal listing is a reproduction of a portion of its performance registration certificate. There are no footnotes; each bull's record speaks for itself.

Since the catalog is often mailed before the final yearling weights are taken, a final report form is printed and mailed as soon after the March 1 weigh date as possible. It includes the latest EPDs for birthweight, weaning weight, pure milk, and yearling weight, along with scrotal circumference. On the back of the 11 by 18 inch sheet, which is folded to 4 1/2 by 11 inches for mailing, are photos of some of the best bulls in the sale. Owners of the bulls are not identified in the report. This and the radio campaign serve as final reminders of the sale.

The first sale day, April 3, 1988, dawned bright and clear. Not long after sunrise, people started to arrive, inspect bulls, and enjoy a nice day with the family. Some group members suspect

that a few cattlemen came to see if this unorthodox venture was going to be a disaster.

At any rate, buyers and the curious swelled numbers to nearly 700 people. There was neither enough seating nor food to take care of the crowd. Quick trips were made to replenish dwindling lunch supplies, but it was not enough. Some people had to eat in town.

Crowds the last two years have been between 350 and 450 people. It is a more manageable crowd and hasn't hurt the sale average.

On sale day Vicki Hamilton clerks the sale and Yvonne Hinman runs the office and collects the money. There is no credit. It is a cash and carry business.

Carol Davis is the bookkeeper. She pays all the bills throughout the year. Even the feedlot costs are run through her books. The group figures this gives them more accurate control of costs and, again, more bargaining power.

The group got together to do what they couldn't do individually — put on a sale with 150 to 200 head of bulls. That's the number they figure they need to attract volume buyers.

But as John Hamilton says, "Why wouldn't anyone want to have a production sale if they could? Anyone who has sold a lot of cattle at private treaty will do most anything to get out of that. We were selling bulls 365 days a year and at lower prices. You need competitive bidding to get top prices."

They have stayed together because they like and respect each other. Everyone pitches in and does their part without being asked. They don't miss having a boss and what's more they don't want one. Decisions are made after complete discussion and a vote. If you get mad when you are on the short end of a three to one decision, then you don't belong in this kind of setup, they all agree.

Peace is also kept by keeping everyone informed. For example, Carol sends everyone ledger sheets to show how and where money is spent.

Selfishness has no place in the process either. "You have to treat the sale like every bull is your own," says Bill Davis.

They are also quick to point out that Performance Breeders started with a good customer base. If anyone else is

going to try this, they must each bring a good set of customers to the group.

"You couldn't do this cold and make it work," one of the group members volunteered.

That first bull sale saw 75 separate buyers, some they had never met before. This, and the sale average, convinced them that their cooperative advertising program really worked.

Still, that first year, the regular customers tended to buy cattle from the herds they had purchased from previously. After three years this isn't the case. The customers now treat it like a single sale. They buy on quality and performance records, and pay little attention to who bred the bull.

What are some of the other advantages besides shared costs, labor and facilities? Here is what members of the group had to say:

- It's more fun working as a group.
- You can brag on and sell the other guy's cattle easier and more effectively than you can your own.
- It is easier and more comforting to have help. You don't have to do it all on your own.
- Everything of importance is discussed and agreed upon. There is less opportunity to make a mistake.
- You are not tempted to add marginal bulls just to get numbers. You are more quality conscious.
- There is healthy competition. Others challenge you to do better every year. They keep you on your toes.

The unexpected surprises were:

- That the program worked so well. It was better than they suspected or hoped.
- That a program geared to attracting commercial cattlemen also attracted so many registered producers. This year's top bull brought \$17,000.
- That commercial producers sometimes outbid registered breeders.
- That customers used to buying private treaty didn't mind switching to auction.

And what about the future?

First they will continue to work together and be a part of Performance Breeders. They don't know whether they will ever add someone else, or replace a herd that might leave for any reason. Anyone can leave at any time. There is no corporation or partnership agreement.

This fall they will expand their program with a mature cow dispersion sale. There is a possibility they will continue to have a fall female sale.

