

Reciprocal Marketing in Michigan

*Not only do
the Sweeneys
sell bulls,
they become
a buyer of their
customers'
cattle.*



(L to r) Barb, Ryan and Pete Sweeney work together in all aspects of the cattle operation at Gustafson Farms.

When Angus breeders sell a bull to a customer, sometimes that is the end of the breeder's involvement until another bull is needed. For Pete and Barb Sweeney, it's just the first step in their marketing network.

The Sweeneys, Angus breeders located near Mason, Mich., are partners in Gustafson Farms. In addition to a 65-head Angus herd, they feed out about 1,300 cattle yearly. When the Sweeneys are looking for feeder cattle, bull customers are at the top of their list.

"We're probably unique in this area. We're one of the few that sell many bulls and feed cattle too, especially the numbers that we feed. There's quite a bit of advantage to be able to sell bulls and buy the cattle back," Pete says.

Cattle sired by their bulls can boast a seven to 11 cent premium in feeder calf sales.

When making breeding decisions they try to produce bulls that will work in customers' herds and sire calves to excel in the feedlot. This philosophy is beginning to pay off. One group of cattle purchased from a customer that used a Gustafson Farms-bred bull came into the feedlot averaging 742 pounds and had not even received creep feed. The pay weight after the cattle were fed out was 1,259 pounds. All the cattle were yield grade 1 or 2 and 83 percent graded Choice.

The Sweeneys became involved in the operation with Gus Gustafson in 1987. Each year Gustafson Farms hosts a March bull sale. Pete says they're the only farm in Michigan hosting their own sale. This year marked their fourth bull sale and they have certainly built a loyal customer base. "All the bulls that sold but one went to repeat customers," says Pete.

Customers are very important and they make sure the bulls they produce will work in the customers' herd. "The repeat customer has really been good to us. The guys basically call up and say, 'what do you think I need next?'" Pete says. He tries to personally deliver all the bulls so he has an opportunity to see the customers one-on-one and look at his cows.

Instead of selling bulls in the traditional auction-sale, Pete says the bulls are sold through a type of private treaty sale. The bulls are separated into five different price groups. Buyers can look the bulls over and put their names on the bulls they are interested in. The names of buyers are posted by each bull and a buyer reserves the right to pass on a bull. When the sale starts, the bull with the most names is sold first through a bid-off. Only the people with their names on that bull



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can bid, and the bid increases by \$100 increments.

"Really, there is less downside risk in having a sale like this because we don't give any bulls away. The guys know what the value of the bulls are before they come or when they get here," says Pete.

The higher-priced bulls actually are sold more quickly, which Sweeney says shows the buyers believe the bulls are realistically priced. The only buyers that don't seem to like the system are bargain-hunters. "They're thinking they can buy a \$1,200 bull for \$1,000 or something like that. It kind of eliminates that," he says.

Pete's wife, Barb, plays an active part in the cattle operation and believes this sale format is more relaxed for them and the buyers. "People have plenty of time to look at the bulls and ask questions. That's one thing when you're starting a sale at 1 p.m., you've got to get ready to go at 1 p.m. If people stop asking questions, sometimes that makes them hesitant to make a decision on a bull," she says.

In addition to the yearly bull sale, Gustafson Farms also hosts an annual fall production sale. The Sweeneys manage both their sales and have begun producing their own sale catalogs with desktop publishing. It's cheaper and saves time.

The Sweeneys believe the relationship with any breeder and his customers is a two-way street. Bull customers recognize that if they produce feeder cattle that fit Gustafson Farms' feedlot specifications, Pete will try to purchase their cattle. The Sweeneys also consign bulls from other Angus breeders in their bull sale.

This two-way street also exists for established breeders helping new breeders get started. "I think it's a good idea for a young person to find somebody who's established, who they can work and get along with, they like the kind of cattle they've got, and that both guys recognize that it's a two-way street. The established breeder is not going to take advantage of the new breeder. He's going to help him in merchandising and things like that."

Pete gives the example of a young breeder who has purchased quite a few cattle through their fall production sale. In return, he has taught the breeder about the Angus business and helps him merchandise some of his cattle.

The first advice Sweeney offers to breeders just getting started is to determine how their calves will be marketed. "A lot of



In addition to an Angus cow herd, Gustafson Farms feed out 1,300 head of cattle annually, often buying feeder cattle from their bull customers. Pete Sweeney and his son, Ryan, look over a pen of cattle in the feedlot.

people used to come to me and say, 'I want to buy this really good cow and then I'm going to flush her.' My first question is, 'Where are you going to sell the calves?'"

It's important to work backwards in marketing — first determining how the calves will be sold and who the prospective buyers will be. Then, they can determine how much they can economically afford to invest in the cows.

Economical considerations have prompted the Sweeneys to decrease their amount of embryo transplant work. "When we first started out we did a lot of embryo transplant work. We ran donor cows and put in frozen embryos for other people. During that time, the feedlot facility was dedicated to housing and feeding the embryo recipients," Pete says. "We basically were in the embryo transplant business to build our own herd. A natural outgrowth of that was doing it for other people."

There are two primary reasons they no longer do such large amounts of transplant work. The first is they are not selling the individual animals high enough to compensate for the cost of the procedure. Secondly, it's more economical to have an Angus cow and her natural calf to market rather than an individual calf. He says it takes the same amount of feed and the herd number is large enough now for the marketing plan.

Prior to coming to Gustafson Farms, Pete spent 13 years as manager of the purebred cattle farm at Michigan State University. He was excited to take the opportunity at Gustafson Farms because his family could

be more involved in his work. Now, thirteen-year-old son Ryan spends a lot of time with his dad on the farm.

When the Sweeney Family is not busy on the farm, they're very involved with youth programs. Pete coaches Ryan's hockey team and the family is very involved in 4-H and both the Michigan Angus adult and junior associations.

Located only 10 minutes from the campus of Michigan State, the Sweeneys have an open invitation to the judging team and often hire students to work on a part-time basis.

"Not enough people in the university setting realize the value of judging programs. It doesn't have anything to do with placing four animals. They learn to make a decision and defend it. The travel you have; there's a lot of things I use today that I saw on somebody's place when I was on the judging team," Pete says.

The Sweeneys believe evaluating livestock is an important skill to have. They believe expected progeny differences (EPDs) are only one of many tools.

"I don't think in my productive lifetime we'll ever get away from the eye of the master. The guy that has a good eye for livestock is always going to be more successful than the guy that only uses science. The guy that uses both is going to be the most successful," Pete says.

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