

# All For One & **ONE FOR ALL**

COOPERATIVE MARKETING PROGRAMS ARE Capturing THE IMAGINATION OF  
ANGUS BREEDERS AND THE ATTENTION OF THE BEEF INDUSTRY.

BY KEITH EVANS



**FEW** registered Angus breeders would dispute that cattle breeding and production are easier than marketing.

The week before a sale is a frightening time, even the most successful marketer will tell you. A year's worth of work and expense has been invested in producing cattle, and planning and advertising the event. There are always worries: "What have I forgotten?" "Are there enough bulls to interest volume buyers?" "Have I contacted enough buyers?" "Will there be anything left after we pay the bills?"

To ease the strain and do a better marketing job a few Angus breeders have decided on a dynamic approach. They share the problems and the

success. Instead of going it alone they cooperate with other like-minded Angus breeders. They join forces to put together enough cattle numbers to attract buyers, cut costs, improve advertising efficiency, build a reputation and effectively market their cattle.

Four Angus cooperative marketing groups were interviewed for this article. Each is different, yet all are composed of registered Angus breeders who have banded together, and proved to satisfaction that there is strength in numbers. Their experience might be helpful to you, or even to your local or state Angus association if you are looking for ways to better market cattle.

## ALL FOR ONE

**THE** great thing about a partner relationship, says Harlan Radomske, is "one plus one equals more than two." Two or more people working together, bouncing ideas off one another, will come up with better ideas and better programs than the same people working independently.

Radomske discovered this firsthand after forming a partnership with Dave Duncan called Optimum™ Angus Breeders. These two Ellensburg, Wash., cattlemen started this marketing cooperative a few years ago and held their first sale in 1994.

And the advantages grow.

Two people working together double the customer base. Four people bring four sets of customers into the program. Since there are more cattle for each set of

customers to select from there is a greater likelihood that they will find the animal or animals they are looking for and make a purchase.

A cooperative arrangement allows breeders to put together enough cattle to attract buyers in the first place. This was the motivating factor behind the Performance Breeders of Montana. When the partners had their first sale in 1988, they decided they needed 200 bulls or so to attract volume buyers. None of the original partners produced enough bulls to have a sale offering this large. By joining forces they successfully attracted volume buyers.

A cooperative program and sale involves just one sale catalog, one auctioneer, one set of ring help. "About 90 percent of the costs of an Angus auction are fixed, whether you are one breeder selling 50 bulls or two breeders selling 100 bulls," says Duncan of Optimum Angus Breeders.

Another positive in

cooperative marketing programs is that tasks are divided. It makes life easier to have others to depend upon. For example, the Performance Breeders depend upon Carol Davis to do the bookkeeping for the entire group. Bill Davis handles the advertising. He gets all the calls and places all the ads. Dave Hinman looks after the bulls in the feedlot. No one is responsible for everything.

**A cooperative program**ets small breeders, or breeders involved in other businesses or professions, market in a professional manner. For example, the seven breeders

who are a part of Angus Legends in North Carolina and Virginia have herds ranging in size from 30 to 100 cows.

"Our last sale averaged \$3,957 and we sold cattle into 10 states,"

says Randy Sipe, one of the Angus Legends partners with a 30-cow herd. "I couldn't have done that on my own. State association-sponsored female consignment sales around us were averaging from \$900 to \$1,706 on females."

Production Angus Associates (PAA) in Iowa has pooled active and retired college professors and professional people. They don't have the time and/or interest in the daily work of farming and herd management.

PAA evolved from an earlier program that was partially dissolved in 1986. It currently has seven partners. Only one member, Neil Hadley, owns land and is involved in production. He manages the PAA cow herd at his farm. Bill Switzer, former dean of research at Iowa State University's veterinary college, keeps all the computer records and sets up computerized planned matings with all the cows so that partners can decide what bulls to use. Daryl Strohbehn, Extension beef

specialist at Iowa State, works closely with the decision making and planning. Other associates are Howard Hill, Iowa State veterinary diagnostician, and Dan Griffin, formerly with the college of engineering. Non-resident members are former Iowan Dan Farrington with Merck and Co., and Gene Lloyd, a veterinarian who runs a business in Shenandoah.

PAA sponsors a bull test and production sale.

Seventy bulls were offered at the 1995 sale in Colfax, Iowa, and sold for an average of \$2,020. The top bull sold for \$8,000.

It's unlikely that an individual breeder with 50 cows could effectively market \$2,000-plus bulls with a top of \$8,000.

**How do you start?** People from every group agree the first requirement is that cooperative marketers must have similar programs with similar goals. Sale cattle don't have to all be sired by the same bull, but the breeding philosophy of the members must be similar. Potential buyers must view the entire product line as something they can depend upon.

"You have to believe in each other's program," says Hinman of Performance Breeders. "If you change your philosophy, then the whole program changes."

Plan before you leap into any kind of arrangement. Duncan and Radomske of Optimum Angus Breeders talked for four or five years before they started.

"Establish goals and process," Radomske says. "Lay out how you will function and who will do what. Then stick with it. If you're successful you will have people who want to join you. Know beforehand whether or not you will even consider changing the arrangement."

Once a cooperative program

is organized there has to be close communication. "You can't overemphasize communication," says Dale Davis of the Performance Breeders. Problems come when something happens that wasn't discussed and agreed upon by everyone. Some groups have regular meetings. Others do most of the communicating over the telephone. There seems to be no one best way, as long as everyone understands

what is going on and agrees to it.

**An egotist has no business** in a cooperative program.

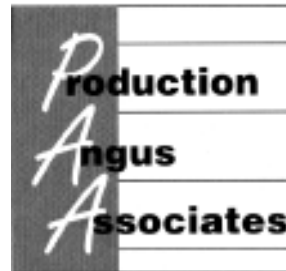
Participants have to bury their ego and understand from the start that making a cooperative program work involves give and take, and sharing the credit for success.

"You hope that you don't have to give as much as you take," says Strohbehn of PAA, "but it works both ways."

For example, the PAA catalog doesn't even identify individual bull owners. All animals carry the PAA prefix and no buyer knows who owns a particular bull. The pedigrees and animal names, however, usually identify ownership in the sale catalogs of the other groups. Advertising and promotion for all the groups however, promotes the program, not the individual breeders.

Individual members also must feel comfortable selling the program rather than their own cattle — and do it. "Partners can't have 'MEism'," says Strohbehn. "When potential buyers ask about bulls you have to look at what the client needs and wants, you can't worry about who owns the bull you recommend."

This is not always easy, some say, but it can actually be an advantage. "I think it's easier to sell the other person's bull," says



Bill Davis of Performance Breeders. "That way you don't feel like you are bragging on your own cattle."

Still, there are going to be differences in the prices various members get for their cattle. One member may have the top selling animal one year and nothing the next, or one member may have the top seller for several years running. You can't let it bother you if you come up on the short end some years, almost all agree.

The Angus Legends group (which sells only females) sets strict rules for cattle to be entered in the sale, both on expected progeny differences (EPDs) and pedigree. If cattle don't qualify they are screened.

"We don't make exceptions," says Sipe. "If cattle are marginal, we explain our reservations up

between two Angus breeders. Located in central Washington, they market to smaller commercial producers who purchase from one to six bulls. They also have a market with registered Angus breeders. Their goal is to offer a quality product that will make money for the beef producer.

Optimum Angus Breeders had a logo designed by a professional artist. It was designed to be used in black and white advertisements. The "Optimum" of the Optimum Angus Breeders name is trademarked, and they market that name and the partnership, not their Venture Farms and High Valley Ranch names.

They do two kinds of advertising — sale advertising, which starts some five months ahead of the sale; and name identification ads in other months. A percentage of the sale gross is set aside for their advertising budget. They act as their own sale manager.

Duncan and Radomske like the arrangement so well that they will sponsor a female sale in the fall of 1995. For this sale, however, they will hire a sale manager. Managing one sale a year is enough, they say.

The Performance Breeders held their first sale in 1988 at Bozeman, Mont. At that time the group consisted of four breeders from the Bozeman area. Today there are three members, and Bill Davis now ranches in eastern Montana. Otherwise little has changed, certainly not the philosophy of the breeders, or their desire to present some 200 to 250 bulls each year that will attract high quality volume commercial buyers. Their sale is in April each year and they have averaged between \$2,000 and \$3,000 per bull.

Performance Breeders design all their own advertising and the catalog with the help of a sale consultant. But they do their own management. One person

negotiates with all the publications on advertising. They also print 65,000 copies of a newsletter which lists the bulls



for sale and explains their program. The newsletter is mailed and inserted in local and area farm and livestock publications. Each ad and the newsletter contain a coupon to request a catalog. All requests are entered on a computer by Jennifer Davis. These names and buyers form the basis of the catalog mailing list.

The Performance Breeders budget approximately 7 percent of their sale gross for advertising. This would run at least 15 percent if each of them were working independently, says Dale Davis.

Their promotion begins soon after the sale ends. All bulls are delivered personally by the partners. Sometimes a partner may not have a single bull of his own in his trailer for delivery.

**Production Angus Associates** (PAA) has a variety of reasons for existing. They are investors, and look to make money from the program. They want to provide their area of Iowa with access to high quality performance Angus bulls. And they want to be involved in registered Angus cattle production.

For the past few years they have been building the herd so only bulls are sold. Bull calves are evaluated at weaning time. Those deemed good herd bull prospects are put on feed test. The rest of the males are sold as commercial cattle.

The group also has three "guest" consignors. They are people who operate separate Angus herds, but have similar

programs. Cattle accepted from these programs are also put on test with the PAA bulls. The partners supervise the bull test in a nearby farm feedlot that is leased from the owner.

PAA hires a sale manager, who also puts together the catalog and places the advertising. Their sale is held in early April. This year on April 10 they offered 80 bulls at the Colfax, Iowa livestock auction. It averaged \$2,020.

The Angus Legends group grew out of a need for small breeders in North Carolina and Southern Virginia to market quality females for a reasonable price. The first sale was held Nov. 27, 1993, in Union Grove, N.C.

Angus Legends draw cattle from a wide base. Their first sale included cattle from 22 different herds from three states. Approximately 35 percent of the cattle were from the committee. There were 37 buyers from nine states and the sale averaged \$3,177. The second sale in 1994 was much the same except that about half the cattle came from the organization. The 1995 sale averaged \$3,957, with cattle going to 36 buyers from 10 states.

The members (the committee, as they call themselves) set the rules and make many of the decisions, although a sale manager is hired for the consignment sale. Their goal is to put on the best consignment sale in the United States. By stressing quality and making the cattle meet strict EPD and pedigree requirements, they're well on their way to success. And they are looking at the possibility of expanding to a bull sale in the future.

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## OPTIMUM ANGUS BREEDERS

front. We want them to understand why they might sell down in the sale order, and why an animal might not bring the sale average."

The Legends group is different from the rest in that they solicit consignors. Still they insist that the consigned cattle fit their program, and meet the minimum specifications.

"Too many people want to use consignment sales to sell their low-end cattle," says Sipe, "and this doesn't work. You can't build a reputation this way. When we started our program we were nobody. We had no name recognition. We changed all that by working together and marketing only high quality cattle."

**The kind of cooperative** formed depends upon the partners involved, their goals, and the potential market, to name a few.

Optimum Angus Breeders is strictly a marketing arrangement

