PARTNERING UP

Thinking expansion in the bull business? You may not have to buy land or cattle.

BY **ERIC GRANT**

A bar in Walden, Colo., provided an unlikely location for Dave Daley and Steve Radakovich to form their seedstock partnership. Short on formalities, Daley kept notes on a napkin. And when their discussions were complete, they sealed it with a handshake and headed for home.

Their motives for partnering four years ago are unchanged today. Daley, a commercial operator from Oroville, Calif., saw opportunity along the West Coast for selling commercially oriented seedstock. But he lacked the financial wherewithal to buy high-quality cows.

Radakovich, a long-established seedstock producer from Earlham, Iowa, wanted to expand his cow herd. But he didn't want to buy high-priced land.

Under the terms of their agreement, Radakovich agreed to ship 100 or so registered Angus and composite cows to Daley's ranch. There they remain under his ownership, but they are managed by Daley, who agreed to pay for feed, artificial insemination and management costs. At weaning, Radakovich gets 40% of the heifer calves and Daley, 60%. All of the heifers stay on the Daley Ranch, where Radakovich covers his development costs until they're preg-checked the following year and placed back into their partnership program.

Each bull calf is owned jointly at weaning, but with the same 40/60 split. They split post-weaning feed, development and delivery costs the same way until they sell the calf and split the proceeds.

Now that they have a few years under their belts, the partners believe there is more to their success than just an up-front financial and management agreement. They offer the following advice on seedstock partnerships:

Pick partners who share your production philosophy.

"You have to believe in the same things, particularly if you're in the seedstock business, or you won't work in the same direction," Daley says. "We agreed from the outset that we were going to promote cattle that require minimal management and minimal feed days. We share a low-input philosophy."

Be ***open about your finances.***

"You have to feel comfortable with each other from a financial standpoint," Radakovich adds. "If you start a partnership, and you're worried about who's going to pay the last $1,000 bill, it won't work You have to be open, frank and trustworthy."

Choose partners who cover your weaknesses.

"Steve and his wife, Penny, bring a great deal of marketing expertise, knowledge and industry contacts," says Daley. "That's an area where Cindy and I don't have a lot of experience."

On the other hand, both Dave and his wife hold doctorates — in animal science and endocrinology, respectively — which keeps the operation on the cutting edge of technology and information. In addition, Dave is a member of the animal science department at Chico State University; Cindy just received her doctorate from the University of California-Davis.

"We have the education, the knowledge of management and the labor to make this happen," says Dave.

Select partners whose age complements your own.

Radakovich, 54, likes the fact that Daley is 40, about halfway between himself and his son, Jason, who's 23. "It gave us some balance from an age standpoint," he says. "We felt as though we could take advantage of our different levels of experience, and that we were able to make better decisions because we weren't coming from the same age perspective."

Find partners in areas where you want to expand your seedstock market.

The Radakovich/Daley agreement works well because their respective markets are in completely different areas. Radakovich already had two Iowans producing seedstock for him. Adding Daley's location prevents overlap of marketing expenses and allows Radakovich to expand into regions of the country previously untapped.

"It also allows us to juggle excess bulls," says Radakovich. "Bull calves that are born late in the spring in Iowa are too young to sell here as yearlings. But we can ship them to California, where the majority of producers calve and breed in the fall. It takes some of the pressure off us, allows us to calve a little later in the year, and still get our cattle sold."

One of the partnership's disadvantages is that it initially diminished Radakovich's economies of scale. "If I had the 100 cows back here, I would be dividing our expenses over more cows," he says. 'When we started this, everything I did on a cost-per-cow basis was higher. That's a big hit right out of the gates that we didn't think about."

The costs of shipping cattle 1,500 miles across the country also added up. And, more importantly, says Radakovich, when you take 25% of your cow herd and move it to another location, you also decrease the size of your contemporary groups, which can result in less accurate expected progeny differences (EPDs).

"It's always better if you have larger contemporary groups," he says.

For Daley, the disadvantages relate to increased labor. In past years, he could trail all 400 of his commercial cows to the mountain and pretty much forget about them during the summer. Now he has 100 more head to worry about. Plus, they're someone else's cows, which makes the pressure even greater.

"In five years," adds Radakovich, "Dave is going to have cows coming out of his ears. Our operation could own as many as 300 cows in California. And if everything continues to go well, we believe we will be making a significant contribution to the West Coast's seedstock business."