

Field Notes

► by Richard Dyar, Chuck Grove, Don Laughlin and Andy Rest, regional managers, American Angus Association

Putting on a production sale

American Angus Association regional managers offer insight about how producers can best market their cattle.

How big do you have to be to go it alone and hold your own production sale?

Chuck Grove: It really depends on what you are trying to sell — females only, bulls only or both. To sell bulls only or females only you probably need 100-plus producing females. Most breeders seem to have plenty of cattle for their first sale, but sustaining numbers for successive sales seems to be more of a problem.

Andy Rest: I think you have to have a minimum of 60-65 lots to think about hosting a sale on your own. Of course, the quality of the offering is a factor. A female sale with 50 high-quality lots sired by a very popular bull or bred to the new, “hot” bull could be successful.

The thing I think breeders need to remember is that the fixed expenses to put on a sale are the same, regardless of whether you are selling 50 or 500. Also, to attract buyers, especially bull buyers, you have to be able to offer volume.

Richard Dyar: Several factors enter into answering this question. Will the production sale be annual or every other year? Will the sale consist only of females, or will service-age bulls be a part of the sale? Timing for a joint bull and female sale can be difficult because of demand and production.

To maintain adequate replacements for a progressive program and conduct an annual female production sale, a breeder needs to produce 250 calves per year. This can be accomplished by 250 brood cows producing calves naturally or a combination of fewer brood cows with the balance coming from embryo transfer (ET) calves.

Don Laughlin: Most of the time I tell people they need 50 to 70 lots to justify the cost of putting on a production sale. You need to look at the estimated sale cost. You would need to estimate the gross of the sale and estimate the costs associated with putting on a production sale.

For many of the sales I hear about, expenses run from 10% to 15% of the sale gross. This includes the sale facility, sale books,

advertising, sale help (including clipping), food and other sale day expenses. It doesn't usually include feed or labor to get the cattle ready for a sale. These are also costs that should be considered.

The necessary herd size also depends on what kind of production sale you are going to have. Having 20 bulls and 40 females is a whole different scenario than having 60 bulls. For most people, having only a female sale or only a bull sale is easier to manage and probably less costly than having a sale with a few bulls and a few females in a “mixed” sale.

What are your options if you can't go it alone?

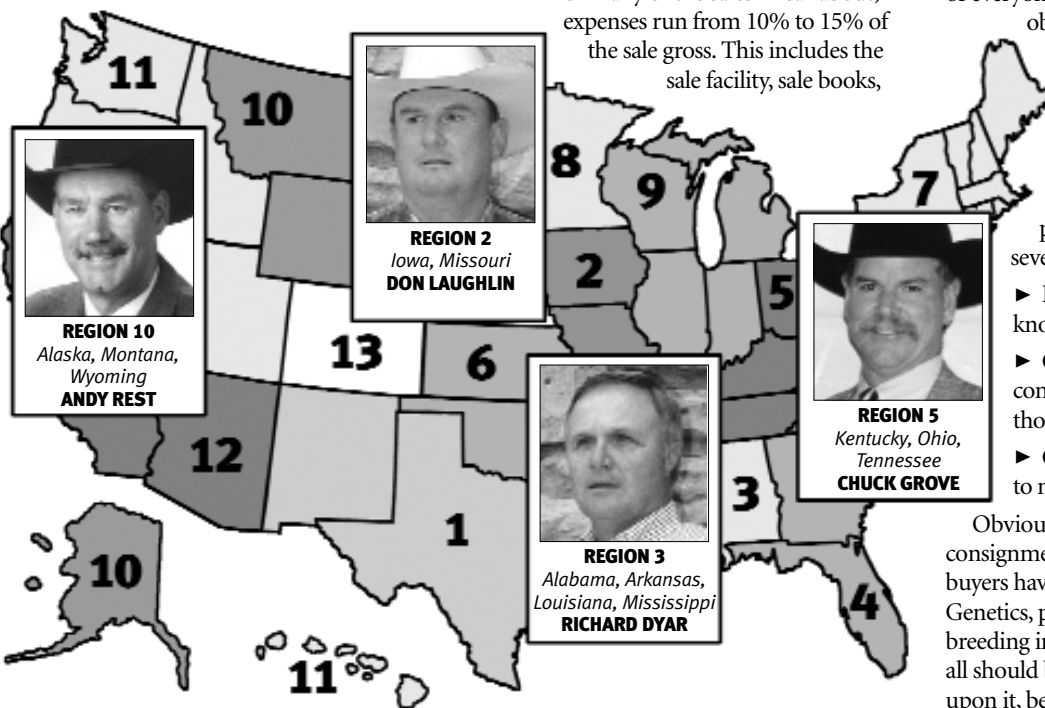
Dyar: An Angus breeder has other options if he doesn't have adequate numbers to host his own production sale. He can sell his production through consignment sales and private treaty or a combination of both. Another option would be to join with other breeders with similar breeding programs, management levels and goals and conduct a joint annual production sale.

Grove: Have a joint sale with another breeder in your area. Make sure you have a clear understanding (preferably in writing) of everyone's responsibilities and financial obligations. Everything — from what's for lunch to who helps load out cattle — needs to be discussed and agreed upon.

Depending on where you live, consignment sales are a great opportunity. In addition to providing a marketplace, there are several other benefits:

- Exposure. The sales let buyers know who you are.
- Competition. They let buyers compare your cattle and genetics to those of other breeders in your area.
- Customer base. They're a great way to meet and develop new customers.

Obviously, the quality of your consignment will determine the impression buyers have of you and your program. Genetics, phenotype, management, health, breeding information and presentation — all should be as if your livelihood depended upon it, because it really does!



Rest: I think a smaller breeder has several good options. The first option is to consign to a state or regional consignment sale. The exposure will go a long way to creating more private-treaty sales at home. Many times I've seen someone who was impressed with a firm's consignment call them up and come to the farm or ranch and buy a related animal to the one they saw at the sale.

Another option is to join forces with another breeder(s) in the area. Three or four breeders who go together, each putting in 15-20 head, can put together a very successful event. However, you must be careful. Be sure you have similar goals and philosophies of the cattle business. Also, the cattle must be in similar condition and fitted alike. I would suggest you establish a separate checking account for the sale. Work out a sale budget that everyone understands and is in agreement on. I have seen these types of joint sales be very successful, and I have seen them destroy long-standing friendships.

Laughlin: You can put cattle in a consignment sale of some sort or invite other breeders who have programs similar to yours to participate in a joint sale. Many times this may entail hauling cattle several miles to find someone with whom you are compatible.

You many want to also consider including cattle from some of your previous customers. Don't rule out going in with someone who raises a different breed other than Angus. This would work better in regard to a bull sale than it would a female sale.

Never rule out selling cattle by private treaty. There are pros and cons about selling private treaty and at auction. Some breeding programs and personalities are more compatible with one method or the other.

What are the necessary ingredients for a successful production sale?

Rest: First and foremost is the quality of the offering. A high-quality offering can overcome shortcomings in other areas. That being said, a successful sale has several things in common. High-quality photos are a must. The adage about a picture being worth a thousand words is really true when you are promoting a sale.

A well-planned sale book is also very important. Along with good pictures, include the most current production data, expected progeny differences (EPDs) and dollar value indexes (\$Values). Good information about the animal for sale and related progeny will create more value. A good cover shot makes a very positive first impression. A short biography of each firm participating in the sale is also valuable.

Displaying the cattle the day of the sale is

key. If possible, don't put too many animals into one pen. It is very hard to see and evaluate cattle that are crammed together. Be sure you use a sale facility that is clean and well-lit. The temperature of the facility is also very important. Nobody will stay if they are too cold or too hot.

Last but not least, be sure the sale book has a map with good, clear directions to the sale site.

Laughlin: Plan your breeding program. Target who your customers are. Hire sale personnel (auctioneer, sale manager, ringmen, etc.) with whom you are comfortable and with whom you can talk frankly about your program and the merchandising of your cattle.

Be honest and up front with potential customers. People are not stupid, and if you try to run a "sham," it wouldn't take long to ruin a reputation that you may have spent years developing. Set the date well in advance to be sure all goals can be reached in regard to sale details.

Dyar: One of the keys to a successful sale is advance planning. Develop a calendar noting when important tasks must be completed. This could begin as far as two years prior to the sale date with selecting bulls to breed potential sale cattle to. A list of potential sale cattle should be prepared a year in advance and completed after calving. Identify your market and customer base, and start networking *early*. Make sure your sale cattle are properly prepared and your facilities are workable and neat.

How do you arrange ring service?

Rest: Many livestock publications will supply ring service for a specific amount of advertising. Visit with those at publications in which you are thinking about advertising and find out if they supply ring service and the cost involved. Most sale facilities require a minimum of three ringmen. Book your advertising and ringmen early. There are many sales, and finding a date can be a challenge. If you need to find additional ringmen, talk with your auctioneer, sale manager or your American Angus

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Association regional manager. Chances are, they can recommend qualified individuals.

Dyar: Ring service is important, and selecting your sale date far in advance and avoiding regional conflicts can ensure you get the sale-day crew you prefer. In addition to your regional manager, use ringmen with whom you and your customers are comfortable. Your regional manager, auctioneer and sale manager can help you select ringmen.

Laughlin: First, identify the type of sale you want to have. Decide where you need to advertise your sale to reach your target customers. Contact those publications and find out if they provide ring service and what the costs are. Remember, it is a team effort to make your sale a success. Be sure the sales team works together in harmony for your best interests.

When is the best time to host a sale?

Rest: I don't think there is any one "best" time. It depends on the part of the country in which you live. Here in Montana and Wyoming, the fall seems to be the best time to host a female sale. You can pregnancy-check the females, and heifer calves are ready to wean. We have very successful bull sales in my territory in the late fall and throughout the spring. Again, quality is the driving factor. I have seen successful sales happen in the middle of the summer — when no one thought they would work — because the quality was exceptional.

Laughlin: Determine the product you want to sell and when your target buyers will want to buy your products. Having a July bull sale in the Midwest would be a bad idea, considering most bulls for spring calving get turned out April 1 to June 1. Fall-calving herds usually turn out Nov. 15 to Dec. 15. Therefore, July bull sales would be a wrong match.

Grove: Strong points can be made for or against both spring and fall sales. Fall sales work well for spring calvers, because cows are safe in calf, the sex of the calves to be sold is known and calves are big enough to sell as individuals. On the negative side, buyers are going into winter, and they may not have enough feed for additional stock.

Spring sales have the positive of "going into grass time." The positive points made above are true for fall calvers in the spring. On the negative side, it takes a great deal more winter feed to prepare for a spring sale. Also, getting the cattle and facility ready after a long winter can be a challenge. Other points to consider are when will your



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management allow you the most time, and, more importantly, when is the best time for your customers?

Dyar: In my opinion, the optimum time to host a production sale is when 50%-75% of your female offering consists of cows with weanable-age calves at side, and the cows are examined safe back in calf. This serves to generate a higher per-lot gross. Of course, a sale date should avoid holidays and regional events with other Angus events.

How far in advance should you advertise your sale? And where should you advertise?

Dyar: A first-time production sale requires more advance advertising than an established, recognized annual sale. A first-timer should start advertising the date and location at least a year in advance. Also, if a production sale is in your future, start now with logo recognition with consistent, frequent institutional advertising.

Advertise in the *Angus Journal* if selling registered females and in the *Angus Beef Bulletin* if selling Angus bulls and commercial females. Also, advertise in local cattlemen's and farm publications, including your state cattlemen's association magazine. Your well-designed, attractive sale book, mailed in a timely fashion to active Angus breeders, can serve as a great advertising tool.

Rest: One of the keys to advertising is repetition. I have worked with operations that have started "institutional" advertising to build name recognition for their program a full year ahead of their first sale. I think you should start advertising a minimum of three months ahead for a monthly publication. Having a potential buyer see your ad several times allows your message to sink in. For the weekly publications, I would suggest starting at least a month ahead of the sale. Again, repetition is the key.

Different publications attract different

buyers. If you are hosting a female sale, advertising in the *Angus Journal*, along with state and regional Angus publications, is very important. The majority of your potential buyers are going to be fellow Angus breeders. In a bull sale, the publications that go primarily to commercial cattlemen should be used extensively. In some cases, you may choose to advertise with a specific publication just to get the ringman you want.

Laughlin: You should advertise your herd well in advance and create "top-of-mind awareness" long before you ever announce a sale date. Make sure you reach your target market, and that will tell you where you need to advertise your sale. Once again, it varies based on what type of sale you are going to have as to where you advertise. Besides the *Angus Journal* and the *Angus Beef Bulletin*, you may want to use your state Angus publication, your state cattlemen's association magazine, local farm publications, Web sites and your local newspapers.

With regard to production sales, what are some of the biggest limiters to success?

Rest: I think one of the biggest limiters to success is lack of planning. You cannot throw together a sale. A successful sale takes months of planning. Book your date early, identify your target audience and choose the livestock publications that best reach that audience. Travel to as many Angus events as possible to promote your program and the sale. Select sale cattle early, get them into the proper sale condition and get high-quality pictures. Have your sale book in the mail four weeks ahead of the sale. Remember to include as much performance data and information as possible. Putting on a sale takes lots of preparation and hard work. Do it right, and you will be rewarded.

Laughlin: Although most of my peers may disagree with me, the biggest limiter to a successful sale is the lack of a breeding program to sell. It is hard to be everything to everybody. Define your program, identify target customers and merchandise your product to that market. It may be calving ease bulls, it may be high-dollar show heifers, donor cows or whatever. Whatever it is, identify the market and sell your expertise to the buyers.

Dyar: The top three limiters to success are 1) poor planning, 2) poor preparation and 3) poor promotion.

