

# Marketing Insights: Building Value in the Marketplace

A Q&A with Leo McDonnell Jr.

by Eric Grant

**F**or 40 years, Midland Bull Test has been the industry's genetic focal point, having pioneered the industry's performance movement in the 1960s and tested and sold some of the best bulls the business has ever produced. During the years, Leo McDonnell Jr., who took over the reins of the test station in the early 1980s, has witnessed significant changes in the way seedstock producers produce, market and stand behind the genetics they sell. He shares his thoughts on what makes some seedstock producers successful — and what causes others to fail.

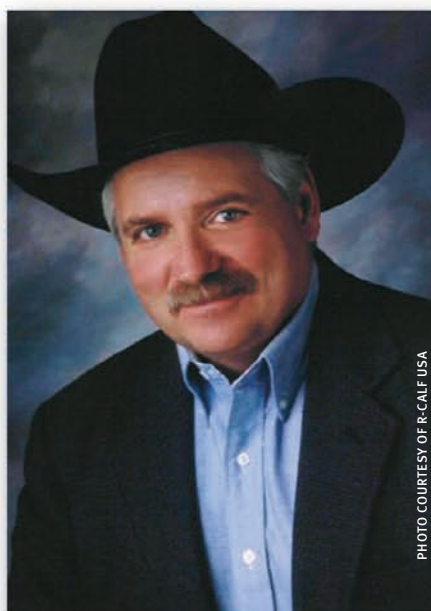
**You talk a lot about the need for personal and professional values as the cornerstone for success in the seedstock business. What do you mean by this?**

**McDonnell:** There are different kinds of values. There are customer values and the way you take care of your customers. There are values in your breeding program, and those values shouldn't be focused on one thing, but focused on the whole spectrum of desirable economic traits.

Our focus is on the cow-calf guy, so it's important for us that the people who bring bulls here share a similar focus. We want the commercial producer to be successful, so we need to be selecting for economic values that can make that possible. At the same time, it's important to have some value-added genetics for people who use these cattle down the road — feedlot performance and desirable carcass characteristics, for example. But you don't ever want to get away from what makes the ranch profitable, and that starts with a high-performance cow herd that's very fertile.

**What generally determines whether a seedstock producer will succeed or fail?**

**McDonnell:** Common sense and commitment. It comes down to those two



Leo McDonnell Jr.

things. You need to treat people right. You need to be dedicated and informed. You need to produce cattle that work well for your customers. And you need to be involved in your business and know what it is your business does best.

There are all kinds of card tricks that people are chasing, and there are all kinds of people who get caught up in chasing something that's not important. The programs that succeed are the ones that stay grounded. That's true in any business or any industry.

There are always temptations to chase fads or trends, but usually when you chase these things, they take time and energy away from doing what you do best. Don't get caught up in the temptations and get away from what's really important to your customer.

**In what ways does a seedstock producer differentiate his product in today's marketplace?**

**McDonnell:** You've got to have an end goal, and you've got to maintain direction toward that goal. Obviously, if you're in the bull-of-the-year club, you're not going to get there.

The best place to start is to identify the cattle that work well for ranchers in your area, and then stay disciplined about breeding for that type. It's really pretty simple. Just breed functional, fertile cattle that work well in a commercial setting — and don't chase every fad that comes your way.

Basically, at the end of the day, you're trying to produce an animal that will bring a premium in the marketplace, and as we do that, we need to ensure we're not stepping over a dollar to pick up a dime.

**Why do you think Midland has enjoyed so much success throughout the years?**

**McDonnell:** Obviously, you have to start with the quality of the people who bring cattle to Midland. We work with some really good breeders.

Secondly, we've focused on the traits that make commercial producers more profitable — fertility, structure, functionality and feed efficiency.

Third, we moved to marketing beefier-type cattle before the rest of the breed did.

And finally, we're a very performance-oriented event, and that's helped to differentiate us in the marketplace.

**What are commercial bull buyers expecting from seedstock producers today that they weren't a decade ago?**

**McDonnell:** We see two differences. Commercial producers are paying a lot more

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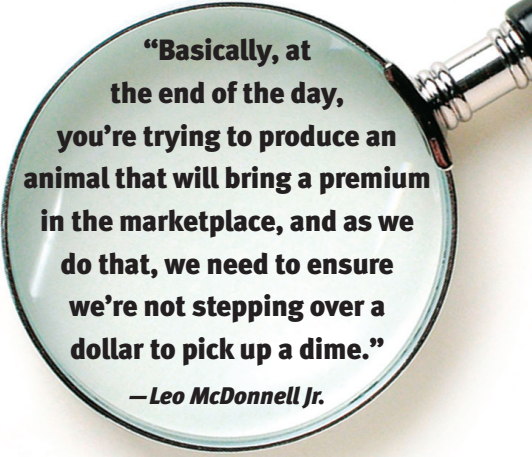
attention to carcass ultrasound data and also to calving ease. The greater interest in carcass characteristics is being driven by rewards for improved carcass traits. And, the emphasis on calving ease is a reflection that most of these ranchers are short on labor. They want cattle that can calve on their own and take care of themselves.

### **How do you expect the bull business to change in the coming years, and what should seedstock producers be doing now to prepare for those changes?**

**McDonnell:** Obviously, all of the basics will continue to be important — fertility, structure, maternal performance and weaning weight. But I think we're going to see a greater focus on the overall efficiency of the cow herd. There will be much more focus on trying to find what cow size gives us the greatest return for our investment. We may see some downsizing in our cows as a result of this.

Carcass values will continue to be important as long as breeders and ranchers are rewarded or can find a premium in producing superior carcasses. Overall, I don't expect the core demands of this business to change much. Seedstock producers need to focus on what works in the commercial setting and to do everything they can to breed cattle that work in that segment.

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