

As you travel the back roads of rural America, there's a sense of treasure to be found. Little black gems are nestled in those wide-open spaces, awaiting their turn to contribute to the Angus seedstock industry.

"Even as mobile as our society has become, we've also gotten busier. I don't think breeders travel from herd to herd maybe like they used to do 10 or 20 years ago," says Gary Wall, acknowledging the way that much of the breed's top genetics used to be unearthed. Wall has spent a lifetime marketing purebred seedstock, spending the last 12 years with Conover Auction Service in Baxter, Iowa.

Demanding jobs and the ever-growing list of youth activities, combined with little time to step away from the daily chores of the ranch, mean producers need an efficient way to market their cattle. You can't always bring the people to the cattle out in those hills, valleys and prairies. Consignment sales offer a place for the cattle and people to meet.

"Consignment sales offer opportunity for breeders of any size to pool their resources in presenting a snapshot — or the top end of their programs — to other people in the industry, commercial and registered," Wall says.

A consignment sale offers an atmosphere where buyers can evaluate vast numbers of programs in search of replacement females or their next herd sire. With a slight nod or a quick flick of the finger, an auction brings buyers and sellers together.

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competition," Wall says. "When you've got your product in front of 100 people or 1,000 people, ultimately, the buyers are in charge, and they will determine whether they agree or disagree on the value those genetics might have."

John Heckendorn and his wife, Cathy, along with their four children Rebecca, Sarah, Joshua and Caleb, operate J-C Angus

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Consignment sales offer Angus seedstock suppliers of all sizes the opportunity to

Bring Gems to the Market

by *Corinne Patterson*



► If you are looking to show off a few of your black gems to a larger audience, consignment sales are one opportunity to showcase what the breed has to offer.

PHOTOS BY CRYSTAL YOUNG, API CREATIVE MEDIA

near Moriarty, N.M. They manage 115 spring-calving cows and each year consign their bulls to three different sales that offer them vast market exposure in their quest to build their program's reputation.

"Each sale is unique. One of the nice things about a consignment sale is you get a chance to compare your bulls to other breeders' [bulls]. Having the state association sale, where we have a lot of breeders each consigning a few bulls, it kind of gives you a chance to look at your bulls and compare them to other breeders' bulls and see where you are at," Heckendorn says. And chuckling just a bit, he adds, "It also gives your buyers a chance to compare."

Heckendorn and his family have marketed Angus seedstock through many avenues since their entry into the purebred business in 1980.

Consignment sales are offered in as many different formats as there are consignors.

"From a cost standpoint, a consignment sale is obviously much cheaper than putting on your own sale. I've had experience hosting our own sale," Heckendorn says, noting he's sold bulls through many different types of sales and by private treaty. "My dad would rent the fairgrounds, and we'd set up all these temporary panels and have an auctioneer come in and put the catalog out. If you try to do it yourself, then it's fairly expensive."

Consignment sales are offered in as many different formats as there are consignors. Whether they are joint breeder sales, state-sponsored sales, performance test sales or guest consignment sales, each format offers breeders an opportunity to market their programs to their target markets.

Polish that shine

Heckendorn says it takes a lot of time to properly prepare animals for consignment sales. J-C Angus consigns bulls to the state association-sponsored sale, a bull test and a combined breeder sale, so they spend a lot of time selecting bulls to fit each audience. Heckendorn says older bulls tend to do better on a bull test with a consignment sale, and he selects them to represent each of his sire groups.

The state-sponsored sale allows breeders to consign only six bulls, so Heckendorn again selects bulls that represent each of his sire groups. The remaining bulls that used to be sold private treaty off the ranch are now sold through a joint breeder sale.

When selecting the right animal or animals to showcase a program in a consignment sale, Wall says recognizable pedigrees, excellent conformation, above-breed-average expected progeny differences (EPDs) and correct condition are key elements consignors should consider.

"The commercial producers in the registered market are very sophisticated and educated on EPDs. You need to pick sires and matings that will fit into your breeding program and showcase the goals of your herd," he adds.

Preparation is more than just having the right pedigree. Heckendorn's years of participation in consignment sales has taught him one important lesson.

"Everybody says, 'I don't want a bull that's too fat,'" Heckendorn says. "But if you take your bulls to a consignment sale and you don't have them fed well enough, you are going to be embarrassed. They have to be in good condition to show well and represent your herd well. You can have the best genetics in the world, but if they are weighing

800-900 pounds (lb.) as yearling bulls, they are going to look terrible next to those 1,200-, 1,300- and 1,400-pound yearlings. That's a tough lesson to learn, and I had to learn it the hard way."

It doesn't matter if it's a bull or female consignment sale, Wall agrees that correct condition is vital.

"Correct condition is absolutely a marketing necessity when you bring your cattle out and compare them to others. Thin cattle are a tough sale. Breeders need to plan ahead to sell their cattle in good flesh. Cattle should be in a body condition score (BCS) of a 6 or a 6-plus (on a 1- to 9-point scale)," Wall says. "We need to remember if the cattle are transported even from a short distance, they will shrink and lose 5% to 10% of body weight."

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While the animals are the stars of the show, the preplanning stages involve spending months before the sale date gathering information for advertising and the sale book.

"You want to make sure you have enough advertising dollars to get the word out about the sale," Heckendorn advises. "You'd be surprised at how early you have to get the information gathered for the sale."

For the New Mexico Angus Association sale, we require that we have copies of registration certificates

and the paperwork and the nomination fees by December 15 for a March 1 sale. It takes a long time to get the catalog put together, get that mailing list together and to advertise.”

With the accessibility of digital cameras, computers and e-mail in so many households, Wall says it has allowed more opportunity for breeders across the country to get decent to good pictures of their consignments for sale book and advertising purposes.

“Technology is getting better, and we can get the picture in at least a timely manner to get it in the catalog,” he adds. “As the sale manager, sometimes it’s our job to make the decision whether that picture is beneficial or not. If it’s questionable, we will run the picture small. If we really think the picture is not all that good, you might be better off running sire or reference pictures.”

Marketing a gem

Consignment sales are often managed by a state organization or association, a group of breeders, a sale committee, a professional sale manager, or a combination of interested parties. If the sale has a manager, it’s important for the consignor to share information about his or her program so the manager can field questions and help represent the offering.

Wall says that when he is selecting animals for a sale or representing a consignment, he wants to know three key pieces of information from the breeder about his or her program.

- ▶ Where have they been?
- ▶ Where are they now?
- ▶ And where do they want to go?

“Our job is to try to bring buyer and seller together for everybody, and it’s to try to create atmosphere or create a crowd or a reason for people to want to come to this event,” Wall says of his company’s sale management role. “It’s the individual’s job to have his genetics presentable, and sometimes it does make good economic sense to do some individual promotion.”

With many different programs represented at a consignment offering, Wall says the more information provided through complete disclosure in the sale book, the better. Along with standard pedigrees and EPDs, other important information to share includes ratios and size of contemporary groups, dam’s production, and pregnancy information for females.

“It’s always important to display the information in a clean format and understandable format so we are not confusing the buyers. As sale managers we take the opinion when a buyer is confused — not sure what the data is or the information — he’s not likely to be a bidder,” Wall says. “They will only bid when they feel comfortable with the information, the pedigree and the EPDs, and they will make the decision whether this particular individual can benefit their breeding program in the future.”

For many small- or medium-sized producers, offering their genetics by auction on the ranch isn’t feasible for many reasons, including lack of labor and economics. Heckendorn says the state-sponsored sale limits his consignments to six bulls, which leaves him with several good herd prospects yet to market. New in 2007, J-C Angus and

three other ranches came together to offer the Ready to Work Bull Sale in Belen, N.M. Each ranch consigned 20 to 40 bulls, making a sizeable offering to the public.

“We had similar programs in that, from a genetic standpoint, we were looking at calving ease and moderate-frame-size-cattle that work for our dry New Mexico climate. And we are trying to promote bulls that aren’t as fleshy, carrying a little less condition at the sale because they were ready to work,” Heckendorn says.

The group got the idea to start a consignment sale after knowing each other through the state association and believing in each other’s reputations.

“It had me nervous the first year,” Heckendorn says of foregoing selling his bulls by private treaty to join this new venture. “You never know what to expect going into a sale. I’ve done sales where the bulls sold real well, and I’ve been to a lot of sales where it seems like you couldn’t get a bid.”

That’s one disadvantage Heckendorn says of consigning bulls to a sale. If someone wants to come to the ranch prior to the consignment sale, he has to turn them away hoping they will come to the sale. He does so to maintain his integrity and bring to the sale the bulls he promised potential buyers would be there.

“A consignment sale in a different city provides you a wider, maybe a bigger outlet for your customers. If you have a real small herd and you are just selling to your local neighbors, it may not be feasible for you. But if you have more bulls than initially you can

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sell in your local area it helps to take them to a city that's two or three hours away and be part of a sale like that," Heckendorn adds.

Wall says breeders with similar programs can find success in offering seedstock in an auction format, but it takes dedication from all parties involved to build something with stability.

"If a group of breeders wanted to set up a consignment sale, try to have some common goals and common philosophy, maybe on performance cattle or showing-quality cattle, and try to have a commitment from the breeders to stick it out for a period of time. [The sales cannot] have too many revolving pieces of the puzzle. 'This breeder is out this year, how are we going to replace him?' You need people to hang in there long term.

"With consignment sales, if you can make it through the first two years and survive and get to the third year, I think you can be successful," Wall continues. "The first year is a test. The second year is to see if you can repeat it. And if you can get through that third year, I think you've got an event that can stand the test of time.

"A lot of consignment sales have a big turnover of participants from year to year," he says, "and if you can get a certain base number of consignors to have stability to it, it helps it an awful lot."

A diamond in the rough

Costs vary by sale and are shared by all consignors. Wall says most individuals will be willing to participate in a consignment sale if it can be done for an acceptable sale expense. While there are many different ways to pay through nomination fees, consignment fees or commission, he says an acceptable sale expense ranges from 10% to 15% of the animal's sales price.

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Since Heckendorn participates in three different consignment sales, his costs vary. On average, he says for feed and all associated sales expense, it costs about \$600 per bull to consign to the Tucumcari Bull Test and Sale. His state association charges a \$75 consignment fee for bulls and \$50 for females, which covers the upfront marketing costs of advertising and sale book publishing. The sale is hosted at a livestock auction facility, so the consignors also pay a percentage of their sale price as a commission to the facility.

Since the multi-breeder consignment sale also uses a livestock auction facility, they pay a commission to use the facility, which also covers the auctioneer and ring help. The group shares the cost of the sale book and advertising.

Heckendorn has had his share of anxiety over the years when participating in consignment sales. There's generally a lot going on before, during and after the sale, but he's learned a few things to help make it a littler easier.

"It's something that can be a little risky," he says of selling through an auction.

"Most breeders at a consignment sale will price-protect their animals and set a floor price of what you'll take for the animal, and I think it's good to do that. If they don't sell at the auction, then you can sell them at home."

Because he's had experience with trying to use

portable panels for both the state-sponsored sale and his own ranch sale, Heckendorn also says it's a good idea to try to use a livestock auction facility that is used to handling auctions and has the pens and other facilities needed.

"They have the help there that know how to run them through the salering — they do it all the time," Heckendorn says. "And then we can sit back and relax and watch the sale and see who is buying our animals."

There are a lot of breeders participating in a given consignment sale, and it's often hard to please everyone. Wall says one of the most difficult things he does as a sale manager is setting the sale order.

"In a production sale, if you are making the sale order you try to rank them the very best all the way to the least valuable. In consignment sales you also have to have some rotation in there with consignors."

Heckendorn says he's worked with many different methods of setting the sale order, but the state-sponsored sale has found a unique way to set the sale order. They pay the New Mexico State University livestock judging team a small stipend and room and board in return for their judging skills to set the sale order.

The joint breeder sale J-C Angus participates in sets the sale order by having each consignor pick out his or her top bull, draw straws for first in the ring, and then sell the rest of the lots based on the number each breeder consigned. If breeder A brought 40 and breeder B brought 20, then breeder A would sell four bulls and breeder B would sell two, taking turns with each breeder's bulls rotating through the ring.

"Sometimes it's hard to keep everybody happy. There are a lot of differences of opinion," Heckendorn

In the end, a good consignment sale is one that brings the people to the cattle.

admits. “But what I’ve found is when the sale goes well people will tend to overlook a lot of petty issues. When the sale doesn’t go well, then it gets more challenging. We’ve been fortunate the last few years that our state association sale has gone very well from a price standpoint.”

And in the end, a good consignment sale is one that brings the people to the cattle.

“A good sale, from my perspective as a seller, means a good sale price,” Heckendorn says, adding he hopes for “happy buyers and happy sellers. If the consignors can bring their bulls to that consignment sale, things are run smoothly as far as bringing them through the salering and people getting fair prices for their bulls, and the buyers feel like they are giving fair prices for the bulls they are buying, I think that’s a successful sale.”

If you are looking to show off a few of your black gems to a larger audience, consignment sales are one opportunity to showcase what the breed has to offer.

“I honestly believe consignment sales are not dead,” Wall says. “We still have a lot of medium-sized producers. We’ve got the biggest currently getting bigger and dominating, but there’s a lot of great cattle out in rural America that need to be found. There are a lot of undiscovered gems that need to be brought to the public, and this is one opportunity that they can be brought out and marketed.”

AJ

Make the sale book sparkle

Putting together a sale book for any offering is a mammoth commitment, but it can be even more overwhelming when it comes to consignment sales. The sheer number of different programs with many different consignment lots can create a pile of paperwork and material to sift through.

Gary Wall with Conover Auction Service, Baxter, Iowa, provides a few tips to help breeders provide necessary and useful data about their consignments for publication in the sale book.

Many producers pay top dollar for their genetics and when it comes time to market progeny through a consignment sale, Wall says it’s a good time to share more about the animal’s pedigree and genetics in the sale book through footnotes. He recommends keeping a copy of the footnote or the sale book from the dam or donor’s original purchase to help tell the story of the pedigree.

“The Angus breed is a huge breed, and it’s difficult to know about every cow or every lineage. If they would photocopy where they bought that cow or that sire or that pedigree and send it in, it would help us market their genetics,” Wall says. He spends hours writing footnotes that share important information with potential buyers.

Wall says his company designs a consignment sale book to allow breeders to further market their consignments to their own mailing list or longtime clientele.

“Some consignment sales put them all in there by age order and then they are strung all through the catalog,” Wall says, noting that by doing so “it becomes harder to present a program when you are jumping from breeder to breeder.”

To remedy this problem, he suggests keeping all consignment lots from one breeder packaged together in the sale book with the contact information for the ranch leading off the consignments.

“If breeders are aggressive they should photocopy those pages and call some of their customers or send a note to say, ‘Remember these heifers are selling; hope to see you there,’ ” Wall says. “They don’t have to help market everybody else’s cattle, but it does give an opportunity for the breeder to help himself.”