

The Art of the Private Treaty

Oregon producers admit that making a living selling bulls private treaty isn't for everyone, but it has played an integral part in growing their successful business.

by Ed Haag

Whenever a cluster of Northwest Angus producers start talking about private treaty, it isn't long before the name of Kessler Angus enters the conversation.

"For the number of bulls they sell private treaty and the prices they get, the Kesslers are in my top 1%," says Rod Wesselman, American Angus Association regional manager. "There is no question Randy and Dawn have it figured out."

It came as a real surprise to many when the ranching couple from Milton-Freewater, Ore., announced they were holding their first auction on Feb. 20, 2007. "We have been talking about it for years," Randy says. "I guess they just didn't believe it would happen."

That is understandable. The idea of giving up a winning strategy for a stab at the unknown would cause anyone to hesitate.

In many ways, the move to an annual auction can be attributed to the Kessler's success in developing bulls for the private-treaty market.

"It was getting harder and harder to price our bulls," Dawn says. "We have improved our bulls so much in the last 10 years that we just want to receive what they are really worth, and an auction is the best way to do that."

Randy admits the competition for their top bulls has grown more intense in recent years, and that has generated some disappointments among those who weren't quick enough to purchase a particular animal.

"This way, everyone will get a chance on the same day, and no one will feel left out," he says, adding that shifting from private treaty to auction will also allow he and Dawn to spend less time selling bulls and more time with their kids.

This is understandable. With their children Tierra, Cheyenne and Cody reaching the age of participatory sports, the Kesslers don't want to miss any of the fun. "Don't get me wrong. Private treaty is a great way to sell bulls, and it has been very good to us, but after over 20 years, it is time to try something new," Randy says.

Dawn agrees and says she wouldn't hesitate to recommend selling private treaty to any young couple who has the energy and wants to build a solid customer base, but, she warns, it must be done right.

A special kind of client

For the Kesslers, a large part of being successful at selling private treaty is understanding who chooses to buy their bulls that way. Dawn divides them into two groups.

"A good number of our private-treaty buyers enjoy spending some time looking at what we have, visiting with us and learning as much about our bulls and our operation as they can without feeling pressured to buy on a specific day," Dawn says. "In general, they seem to be more cautious than auction buyers."

She adds that she and Randy have had no problem serving those customers. "We have always been excited about our cattle," she says. "We really enjoy showing them to people and talking about them."

Randy even sees it as one of the perks of selling private treaty.

"What is really nice about private treaty is that you actually have time to visit with your buyers and get to know them a little better on a one-to-one basis," he says. "At an auction, if there are 100 or 200 people looking at bulls, you barely have time to say,



►The Kessler family includes (from left) Cody (front), Dawn, Tierra, Cheyenne and Randy.

PHOTOS COURTESY OF KESSLER ANGUS

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'Hi,' to everyone. If you only have a couple hours before the sale, there is no way you can answer all their questions."

The remainder of Kessler's private-treaty client base takes the opposite approach, Dawn says. "They just want us to pick the bulls for them," she says. "They call us up and say, 'Pick them out and bring them to us.'"

She adds that these are usually long-term clients who know their operation and rely on the Kessler's integrity, knowledge base and bull quality to receive the best value for their money.

Randy estimates that 20% of the 100 bulls they sell annually are sold sight unseen to long-standing customers who don't have the time to visit their ranch.

Sharon Livingston, the current president of the Oregon Cattleman's Association, considers herself one of those long-standing Kessler clients. "We have been buying Kessler bulls since 1993," the Long Creek resident says. "In the beginning, I went out to their place, saw their operation and their bulls."

Since then, Livingston has left much of the selecting to the Kesslers. "I will just call Randy and say I need two growth bulls and two heifer bulls. Then I will ask him to pick out what he would buy for himself and bring them over," she says. "He has never steered me wrong."

Livingston attributes the Kesslers' success to three factors. First, she says, their word is their bond, and a customer can take it to the bank. Second, the Kesslers know their cattle from working with them on a daily basis;

and third, the Kesslers are very conscious that they need repeat customers, and they take very good care of them.

Take care of your base

The Kesslers are well aware of the importance of repeat business. One indication of this is that 95% of the animals they sell are to regulars.

"One of the main reasons we stayed in private treaty as long as we did is that we had a strong repeat clientele who were very loyal," Dawn says. "It is tough to change when it is working so well."

Randy views selling private treaty as a long-term process that, for him, began when he sold his first bull in 1964. "It doesn't happen overnight," he says. "You have to work with your customers, and you have to earn their trust."

To Randy, if there is a single, key element to successfully selling private treaty, it is gaining and maintaining a client's trust. To do this, Randy says, one must always work in the customer's best interest. Making a sale should never interfere with your commitment of honesty to the customer.

He cites, as an example, the couple's policy regarding the sale of low-birth-weight heifer bulls. Randy notes that it is not uncommon for some seedstock producers to sell heifer bulls almost exclusively off the sire side and ignore the mother's lineage.

"For us, it has always been that our heifer bulls had to have the birth weight and the EPDs (expected progeny differences)," he says. "But we don't stop there. The cow side

also has to be strong in calving ease, and that should go all the way back."

Randy adds that customers really appreciate a complete and honest assessment.

"If a bull doesn't meet our standards as a heifer bull, we don't recommend it for that purpose," he says. "We have probably sold more animals because [of] our integrity in how we call our heifer bulls than for any other single reason."

Pay attention to the customer's needs

For Dawn, another important part of successfully selling private treaty is determining the present and future needs of their customer base. In addition to producing a well-balanced bull, she believes focusing on two emerging trends have paid off particularly well for their operation.

"More people are calving out," she says. "So birth weight and ease of calving have become very important to our customers."

The other trend stems from what is happening demographically to their livestock buyers. As a group, beef producers are aging. Dawn notes that as this occurs, there has been a growing interest in animal disposition.

"They can't get out of the way as fast as they could when they were young," Randy adds. "That moves disposition to the top of their list."

In addition to the traits Dawn has outlined, Randy is a big believer in scrotal circumference. "I never use a negative scrotal

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bull,” he says. “My philosophy is what you see on the outside of a bull is on the inside of a heifer.”

Think local

Throughout the years, the Kesslers have found private treaty works best when their marketing focus is on calf producers and seedstock operators whose operations relatively resemble their own. This is particularly important because such a large

part of private treaty involves personalized service and client convenience, Dawn says.

Sharon Livingston agrees it is the personal service and the convenience that have made her such a dedicated private-treaty buyer. She notes that by making a telephone call to the Kesslers and explaining the types of bulls she needs, Randy will load a selection of bulls into his truck and drive them out to her ranch where the final choices are made.

While much of the Kesslers’ new business

has been through word of mouth — for example, a neighbor of Livingston’s recently called her after seeing her Kessler bulls in action and asked for the name of her seedstock provider — Randy and Dawn did have a local marketing program that included advertising in several dailies and weeklies.

“You would be surprised at how much response one gets out of a local classified ad,” she says.

Because they reside in a corner of Oregon that is close to both Washington and Idaho, they have customers in all three states.

Winning is the best advertisement

In addition, while focusing on their private-treaty markets, the Kesslers have made sure to maintain a high profile in the livestock community by showing and selling top bulls at the regional Angus auctions.

“We started hauling to the big sales in

1991 when our best bull, at the time, sold for \$20,000,” Randy says. “What was interesting was that even though we sold 70 bulls a year private treaty throughout the 1980s, I had people that I’d known for years come up to me after the sale and say to me that they didn’t know we were still in the cattle business,” he says.

For Randy it was a lesson that did not go unheeded. Since then, he and Dawn have selected five to 10 of their better bulls to sell

at the top regional sales in Washington, Oregon and Idaho. In the process they have garnered numerous first places and highest-selling bulls.

“Going to sales did two things for our private-treaty business,” Randy says. “Number one, it brought in a few more lookers and customers; and two, it assured our regular customer base that they were buying from the right outfit.”

