

You Can't Do It All



► Mike Umbarger takes the seedstock cooperator strategy to a new level.

Working together to build a demand for the Angus brand can be a rewarding and liberating experience for all involved.

Story & photos by Ed Haag

While Mike Umbarger, Flying U Angus Ranch, Powell Butte, Ore., and each of his beef cooperators might have the ability to tackle every challenge thrown at a 21st-century seedstock producer, they realized a long time ago it is a lot easier and a whole lot more fun to share the load.

Bill Jenkins, owner of Valli-Hi Angus Ranch, Caldwell, Idaho, manages a 200-cow seedstock operation, farms 1,500 acres, sells high-quality alfalfa to local dairies and builds custom street rods on the side.

This begs the question of how does he keep so many irons in the fire and still manage to produce top-quality commercial Angus seedstock?

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— Bob Gardner

“I do what is important to me and leave the bull development and selling to Mike,” Jenkins responds. “It is my preference to spend my time on my ranch rather than on the road marketing and delivering bulls.”

Jenkins is just one of a growing number of Angus seedstock producers who, for one reason or another, have opted to sell the majority of their bull calves at weaning rather than carrying them through to marketing.

“There is a lot of stress and risk involved in that side of the business,” Jenkins says. “For Mike it is a lot easier because he has established a long-term working relationship with some large commercial operations that buy his bulls in volume on a regular basis.”

They have their reasons

Umbarger sells 250 bulls a year, with roughly half of those animals coming out of his own herd. The remainder is purchased as newly weaned bull calves from cooperators such as Jenkins. He admits that each of his cooperators has a different reason for working with him.

“My guys are in four different states, and I have a different working relationship with each one,” Umbarger says, noting the specific business arrangement often ties back to the cooperator’s original reason for participating in his program.

For Ted Lyster, owner of Lyster Land and Livestock LLC, his cooperative arrangement with Umbarger offers him an opportunity to support himself with off-farm work while building his purebred herd and learning the fine points of cattle breeding. He admits that it would not be possible to generate a full-time income from his existing herd.

“With 30 cows I couldn’t produce enough to live on,” Lyster says. His current land base is not large enough to sustain the size of herd needed to generate a primary income.

Lyster notes that he also benefits from being Umbarger’s next-door neighbor. “We can run our cows together, share labor and save on a lot of costs by combining our farm purchases,” he says.

Bob Gardner, Richland, Ore., has 100 head of registered Angus. Unimpressed by more conventional marketing strategies, he has settled on a combination of selling bull calves to Umbarger and the rest by private treaty to neighbors with commercial herds. “I tried auctioning my bulls a couple of times, and I didn’t like the results,” he says.

Gardner has been selling bull calves to Umbarger for 15 years, and during that period of time the two have established a close working relationship. “Mike knows my animals, and he knows what his regular clientele want, so he can tell me what I should breed to produce marketable bulls,” Gardner says. “He spends more time in keeping up with what the customer wants than I ever could.”

Reputation for selling bulls

If there is a single reason for participating in such an agreement, Umbarger’s cooperators share collective respect for him as a knowledgeable bull marketer. “Mike’s dad was in the cattle business for 50 years, and Mike has just continued on,” Gardner says. “Mike knows all the right people and has built a very impressive client base.”

It isn’t a client base that developed overnight. His family had been commercial beef operators for almost a century when Umbarger began his career as a seedstock producer by purchasing registered Angus cows 18 years ago. “The first year we sold four bulls to two different customers,” he says. “I still have those customers today.”

Umbarger credits his attention to the needs of his clients as the main reason why he has succeeded in developing such a loyal client base. “My job is to add value to my customer’s cattle and produce a product the consumer is going to desire,” he says. “We work with our customers during the year, I try to help market their cattle, whether it is through video auctions or through a quality beef program.”

One strategic decision Umbarger made when he started selling bulls was to forgo auctions in favor of private treaty. “It was my impression that there were a lot of customers out there that didn’t want to buy bulls at auction and preferred to compare all the data and not feel pressured to make a quick decision,” he says.

Another factor that tipped the balance in favor of private treaty was the demographics of his customer base. “We sell bulls into Washington, Oregon, Idaho and California,” Umbarger says. “Some of our California customers are over 800 miles away.”

He notes that, logistically, it would be impossible to offer the level of service his clients were accustomed to and still have the resources to promote annual auctions. This has become increasingly evident, as his operation has grown exponentially. While he has always been convinced that selling bulls private treaty would be successful, the level of his success still leaves him surprised.

“If you include both cooperators and bull purchasers, we are probably working with more than 100 ranches,” Umbarger says. “When we started out 18 years ago I never dreamed we would be selling 250-plus bulls today.”

Promoting the Angus breed

Umbarger attributes much of his growth to the Angus breed and its emphasis on expected progeny differences (EPDs).

“When we first started we could have picked any breed, but I could see there was a huge opportunity with the Angus gene pool and the database developed by the Angus Association,” he says. “And now, with ultrasound and our growing database, our breed is as strong as it has ever been.”

He notes that as the demand for quality beef has increased, his Angus bulls have proved their merit not only to the commercial operations he serves but also to

the branded programs in which a growing number of his clients participate. Harris Ranch Beef, Niman Ranch, Oregon Country Beef and Painted Hills Beef are just four of several branded beef programs with which Umbarger works on behalf of his clients.

One aspect of the Angus breed that has gone hand and glove with Umbarger’s geographically broad business strategy is the breed’s ability to adjust to

a variety of environments. “We can raise an animal in central Oregon, and it can adapt to a ranch in Florida,” he says. “Our breed is unique that way.”

Umbarger points out that his commercial customers fall into two categories. “We sell about half of our bulls at 18 months and half as yearling bulls,” he says. “Some of the areas we sell into are harsh desert or mountain environments where the younger bulls just don’t hold up.”

He has noticed a marked difference in how each category selects its bulls. “The guys that are buying the older bulls are buying [on] age, on eye appeal, and they don’t care

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► In addition to selling bulls from his own herd, Umbarger resells his cooperators’ bulls, freeing up their time and financial resources for other tasks.

as much about the more technical stuff” Umbarger says.

His yearling clients, on the other hand, take a very different approach to bull purchasing. “They are very involved in the technical data, the ultrasound information and the EPDs,” he says. “Several feed their own cattle so they can compare performance on the rail. As one of their seedstock suppliers, that information helps us a great deal.”

New rancher in town

Many of Umbarger’s yearling clients are from long-standing, well-established ranching operations, but in recent years he has seen the emergence of a new breed of beef producer that also fits into this category.

“Most of them grew up on farms or ranches, left and did very well in other businesses and are coming back,” Umbarger says. “It goes back to the saying

‘You might be able to take the boy off the farm, but you can’t take the farm out of the boy.’”

While Umbarger believes that there will always be family-operated ranches that are passed down from generation to generation, he sees a growing number of ranch owners falling into this new group. “The way our tax structure is set up with inheritance taxes, some operations are forced to sell, and when they sell they don’t

sell for a price that can be penciled out to run cattle on.”

Umbarger sees these new beef producers as making lifestyle choices. They are individuals who have built their successful financial careers on processing information and making business decisions based on facts and not on emotions.

Because that is precisely how Umbarger likes to sell his bulls, he has managed, over a relatively short period of time, to establish a

solid working relationship with several of these new commercial producers. “I am effective as a resource,” he says, “These are professionals in their own right who are used to working with people who can provide them with answers.”

With these clients, Umbarger often finds himself in the role of the EPD educator. “When we get someone who is a novice on EPDs, we fill him in on breed averages,” he says. “As long as they know the baseline, they

can compare my herd against other herds, and we can get them pointed in the right direction.”

For Umbarger there is a commonality to working with both his customers and his cooperators. Both require building a long-term relationship based on shared goals and mutual trust. “That is precisely what I am interested in,” he says. “For me, anything else just doesn’t work.”

